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Editorial AS WE SEE IT

An observer of the American scene in 1932 or at any other time prior to the advent of Franklin Roosevelt and the New Deal would find the situation of which recent exports of gold from this country are a part utterly incomprehensible. Of course, the mere magnitude of the figures he would nowadays hear bandied about would be almost beyond his credulity, but the way in which things occur in the international financial field would be as baffling. He would find it difficult to comprehend how a country whose gold stock had dwindled more than $4 billion between the first of 1958 and the present time could show a price level higher today than at the beginning of 1958, and rates on prime commercial paper lower now than in the earlier year. Any such lopsided proportion of the world's monetary gold held by one country even today, after the huge losses of the past year or two would, seem an anomaly, of course, but no more so than the fact that the outpouring of gold during the past two years or so has apparently had no effect of the sort which, in the system to which he was accustomed, would tend to put an end to the outflow.

This gold problem of ours is, of course, a very practical one, and President Eisenhower has now taken steps which, so far as they go, should tend to reduce the hazards of the international financial situation by which we are faced. Much more may well be required before the underlying conditions responsible for the outflow of gold are remedied. Steps toward that end must, naturally, be determined by the facts as they exist today. It would help, however, if we pause to reflect upon the differences between the financial world of today and that which for many, many decades served the world exceedingly well. Such reflection should provide a few clues as to what may be effective now and what can hardly be expected to do more than act as a palliative.

The Big Difference

The first and paramount difference is found in the degree in which government un- (Continued on page 24)

Tax Measures to Be Considered In the Next Session of Congress

By David A. Lindsay, General Counsel, U. S. Treasury Dept.*

A preview of likely legislative tax items apt to come up in the next Congress is offered by Mr. Lindsay. He outlines: (1) the temporary taxes that have been extended to and require Congressional review again by June 30, 1961; (2) disparities in tax treatment; (3) problems in depreciation, self-employed retirement fund, 4% dividend-received credit; and (4) probable areas for tax reform. In addition he voices concern on the need to maintain receipts to cover expenditures over a period of years necessitating, therefore, surplus during prosperity. He doubts prospect of over-all tax reduction.

Obviously, I cannot outline the legislative program of the Treasury to be submitted to the 87th Congress. We know that the President is required by statute to transmit the Budget to the Congress during the first 15 days of each regular session. In this connection, Section 13 of Title 31 of the U. S. Code provides that if there is an estimated deficiency in receipts required to meet expenditures, the President shall make recommendations to Congress for new taxes, loans, or other appropriate action. If estimated receipts are greater than estimated expenditures, it is provided that the President shall make such recommendations as in his opinion the public interests require.

Beyond this, it may be in order to mention items that are bound to be given attention in the next Congress solely on the basis of what has transpired to date. I shall venture to touch upon some of the matters that will be given attention, not by presuming to intrude on the Budget Message, but in light of Schiller's observation that: "In today, already walks tomorrow."

At the outset, it may be appropriate to look at the structure of our Federal taxes and recent trends with respect to rates.

About 80% of the Federal revenues is derived from income taxes. Individual income tax receipts are about twice as large as corporate tax receipts. The Mid-Year Budget Review, published in October, estimates individual income tax receipts for this year of $43,700,000,000, and corporate income tax receipts of $21,500,000,000

The individual income tax, upon which we rely so heavily for revenues, is characterized by steep progression in the rate structure and extreme complexity. One of the major reasons for the complexity in the law is the pressure of the rate structure which induces enactments of refined and changing provisions purporting to grant a measure of relief, to remove an inequity, to close a loophole, or to achieve the elusive goals of certainty and perfection.

Income Bulk From 20% Tax Bracket

With all this, over 83% of the individual income tax revenue, approximately $37 billion, is derived from the first 20% bracket as applied to all taxable incomes. By way of contrast, if the top tax rate were reduced from 91 to 55%, the estimated revenue loss would be approximately $566 million. Let's put this figure in perspective. It is substantially equivalent to the revenue loss incurred in the repeal in 1958 of the transportation tax on property and oil by pipeline, substantially less than the proposed repeal of the entire transportation tax on property and persons which passed the Senate in 1958 but survived conference only in part, and substantially less than the three-quarters of a billion dollars of combined excise tax reductions which have occurred since 1954.

I do not presume to place a judgment on the shape of tax reform by such revenue comparisons. The examples are mentioned for two less ambitious purposes. The first is to state the obvious—that the individual income tax revenues from the present rate structure are shaped like a pyramid. Whatever one's social, political or economic orientation, he must, in order (Continued on page 24)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 32.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

ILMAR MIKIVER
Security Analyst, Jesup & Lamont, New York City
Member: New York Stock Exchange, American Stock Exchange

Salant & Salant Incorporated

In times of shrinking profit margins and dividend cuts it is exhilarating to report on a company which is expected to earn 16% more this year than in 1959, and which recently added to its regular cash distribution an extra 3% stock dividend payable to shareholders of record Dec. 15, 1960.

Ilmar Mikiver

Salant & Salant's sales advanced from $18.6 million in 1954 to $25.4 million last year, and per share earnings moved from 97 cents to $1.43, respectively. As to profits, during the same period net after taxes averaged 3.8% of sales on a pretax average of 8.1%. In 1959 the margins were 8.5% before and 4.1% after taxes. From 1958 to the record high 1959, net income gained 52% on a sales growth of 19%. For the current year, the company expects profits of around $1.65 per share on both the A and B classes of its common. This would correspond to about $4.70 per share of the publicly traded A stock, up from last year's $4.04. (The B stock is privately held.)

The company pays a $1.10 regular dividend on A shares, yielding an exceptional 6.5% at current price levels around 16½-17 (traded Over-the-Counter Market). Including the market value of the newly declared 3% stock dividend, the yield for buyers before December 15 would be 9.6%. It should be noted that Salant & Salant has an unbroken dividend record since 1926, i.e. even through the Big Depression. This has been possible because the company has a history of operating profits in every single year of its 67-year existence, both as a corporation and a partnership.

As a prominent factor in the finished apparel field, Salant & Salant stands close to the end consumer and enjoys a relatively recession-proof business. As a major private label manufacturer of popular priced sports and casual wear, Salant & Salant is basically unaffected by style and fashion fluctuations. As a seller primarily to big national chain stores and mail order houses, the company feels no burden of advertising exigencies and has very low selling costs. To its historical characteristics of stability and profitability there is to be added a more recent feature of controlled growth.

During the last ten years in particular, Salant & Salant has successfully diversified its product mix, thus adding to its volume and income. It has grown from a predominantly work-shirt manufacturer into one whose shirts, slacks, pants and jackets now appeal strongly to sporting, working and do-it-yourself groups of all ages. The compounded annual rate of growth over the last five years has been at 8% for profits and 6.5% for sales.

The latest addition to Salant & Salant's product line were knitted sport shirts in 1959. Increasing demand necessitated the start-up of a completely new plant for this product early in 1960. During the year another new plant was opened for slacks. The company now operates a total of 12 manufacturing plants as against 10 a year before. With its production base expanding, Salant & Salant is slated for higher operating levels in the years ahead.

An industry comparison will show that there is no other company in the finished textiles and apparel field that combines all the following features:

(a) a consistent record of operating profits throughout its history;

(b) margins among the highest in the industry;

(c) an unbroken dividend record since the twenties;

(d) an exceptional current yield of 9.6%;

(e) a record 1959 to be exceeded by current year's results;

(f) a price less than four times this year's estimated earnings applicable to its publicly traded stock or about 10 times earnings on an overall basis.

On these accounts, Salant & Salant appears well able to meet the most rigorous standards of investment selectivity in the current market. This is why I like it best.

SIDNEY B. WACHTEL
Director, Investment Advisory Department and Manager Washington Office, A. T. Brod & Co., New York and Washington
Members New York Stock Exchange

Ceir, Inc.

Despite the severe decline in the prices of most electronics stocks from their early summer highs, the writer remains convinced that the industry is poised on the threshold of a tremendous expansion — with the data processing segment firmly among the leaders. CEIR, the company I wish to bring to your attention here, is an oldtimer in electronic data processing, despite its short (seven year) life span. Sales growth over the entire period has been extremely rapid, averaging about 65% per annum compounded, with present volume at a rate of about $6,000,000. By contrast, sales for the full fiscal year ended Sept. 30, 1959, were only $2,675,000.

Sidney B. Wachtel

CEIR is essentially a service organization, combining the technical talents of some 300 staff members, including computer programmers, mathematicians, statisticians, economists, engineers, market research analysts, and operations research experts with the fantastic speeds and electronic memories of the IBM 704, 709, and 7090 computers. These machines are either owned by CEIR or operated on a monthly rental basis. The company's product-mix is about equally divided between business and government, a ratio lending a considerable amount of stability to the operation. Measured by the number of data-processing machines now in use, CEIR can rightfully claim the distinction of being the nation's largest independent research and computer services organization (this despite total assets of only $2,130,000 on June 30, 1960!).

The company maintains its headquarters and a research center in Arlington, Va., and has other research centers in New York City, Los Angeles, and Houston, with a subsidiary company in London, England. In connection with the British operation, it has just been announced that a contract has been signed with IBM for provision in London of IBM 7090 and 1401 data processing systems. This equipment, scheduled for installation in May, 1961, will enable the London center to become the most advanced commercial computing facility in all Europe.

Growth of CEIR over the past six years has been financed through three sources: (1) a constant plowback of earnings, (2) bank and other short-term borrowings, (3) equity and convertible debentures financing totaling $1,156,000, and (4) acquisitions. During 1960, three mergers were announced: with General Analysis Corporation of Los Angeles; Engleman and Company of Washington, D. C.; and DATA-TECH Corporation of Hartford, Conn. The corporation currently has outstanding $900,000 in convertible debentures plus 427,378 shares of class A voting and 94,800 shares of class B nonvoting stock (prior to acquisition of Engleman and DATA-TECH). The debentures, placed privately last spring to provide funds for the company's expansion program, are convertible into 56,250 shares of class A stock at $16 per share.

To me, CEIR's greatest growth will come from assisting middle-size and small companies, and not from such current large clients as Union Carbide, General Electric, U. S. Steel, RCA, General Motors and MMM. I say this because the demand for computer and business data processing services by smaller companies is enormous, and few of them are capable of supporting their own computer installations. Thus, for every company which has its own computer, there are hundreds who have the same type of problems but for whom it is far cheaper to draw on the services of the professional staff of a commercial computing center. The tremendous cost of a computer installation can be inferred from the fact that about half of all large scale data processing centers used in the United States today are operated exclusively by or for the Federal Government. Another point worth noting is that the cost per computation on the newer machines is sharply lower than on the older models, despite the fact that the new machine itself is far more expensive.

CEIR provides straight computer time on an hourly basis, ranging from the use of a computer for a few minutes or hours to solve a single problem, to a guaranteed number of hours of machine time each day under arrangements which allow the client to look upon CEIR's equipment as his own. This frees the client of the obligation of running a highly specialized computer installation, and of making a large capital in-

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

Reasons for Optimism On the Business Outlook

By David Rockefeller, Vice-Chairman, The Chase Manhattan Bank, New York City.*

David Rockefeller outlines and asks President-elect Kennedy to support three broad lines of action to quicken the nation's economic growth. The banker believes the economy should be able to move ahead in the second half of 1961 providing we realize and, also, make a positive effort rather than coast on the hope that resumed economic growth will automatically spare us from working out the necessary adjustments. The opportunities for substantial growth and prosperity are judged as great, if not greater, today than was the case a year ago. We are reminded that the results of the bullish long term factors at work cannot be pinpointed to a specific time and that these long term factors cannot guarantee economic growth by themselves. Business and government are told to reject the habits of stagnation by lifting their sights and developing policies that will implement the forces of economic advance.

Only a year ago, most people were talking about the booming Sixties. My subject poses the question as to whether we have made a "False Start for the Sixties." I shall have to address myself to the following three major questions. First, what is it that explains our failure to move ahead economically in the past year? Second, does this experience mean that we should reappraise our growth potential for the decade ahead? And, finally, what do we have to do to achieve an actual growth that measures up to the potential?

David Rockefeller

I'm sure we all remember the widespread and glowing optimism with which most observers viewed the business scene during 1959. The economy had bounced back vigorously from the 1957-58 recession, demonstrating for the third successive time its impressive resiliency. In addition, we were about to enter what was widely termed the soaring Sixties, a decade which was to bring great prosperity and growth.

Industrial production had risen rapidly, following the end of the 1959 steel strike. The index of industrial production hit a postwar high in January 1960 at a figure 11% above the same month a year earlier. But, instead of continuing to advance, production leveled off and remained on a high plateau through July. It has declined moderately since then—the October figure is down some 5% from the January high. This failure to grow, and the fact that the economy is now in the midst of a period of adjustment that may carry on for some months more raises broader questions about the economic future.

Unrealistic Thinking

It seems to me that it is possible to make several observations about the 1960 experience that are useful in appraising the future. First of all, it was unrealistic to assume that the onset of the 1960s would bring an automatic and dramatic surge in the sales of most businesses. The potential for growth in the 1960s rests on such long-term factors as changes in population and incomes, research and development, and improved management on the part of business and government. Such long-term trends as these offer an opportunity for economic growth over a period of years. But they do not guarantee growth in any particular year. An important lesson of this year's experience is that the nation generally, and business management specifically, cannot sit idly by and wait for economic growth to happen. To some extent, our failure to move ahead economically this year is a measure of our failure to work as hard and effectively as we could have.

A second lesson that can be drawn from recent experience is that the business cycle still operates. History shows that our economy does not move ahead along a smooth upward path. The upward trend in production has been accompanied by cyclical movements above and below the trend. In the postwar period, we have witnessed three full business cycles, and we may now be in the downward phase of the fourth. In each case, the pattern of the business cycle has been similar. First it involved a year of decline and adjustment which, in turn, was followed by some three years of recovery and expanding business. If we can count on making the adjustments required for growth in a free economy in one year, and then have three years of recovery and growth, it would seem to me that our economy is performing well. Naturally, I would like to see the nation work to minimize the adjustment process, and emphasize the growth process. And, I believe we can and should do more to achieve those objectives.

The present period of cyclical adjustment has appeared sooner than was the case in some of our ealier postwar business cycles. The downturn in industrial production came 27 months after the recession low in April 1958. Yet this is precisely equal to the average length of all recorded periods of business cycle expansion in peacetime. In this perspective, one should not be surprised to find that the nation is again in a pe-

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OBSERVATIONS...

BY A. WILFRED MAY

RE-CLARIFICATION REQUIRED

"Conservatives Strengthened"

"President-Elect Expects Johnson to Push Pledges — Kennedy Statement Viewed as Vow to Press Commitments"

"Halleck Expects House Coalition to Curb Kennedy"

"Labor Will Urge Kennedy to Press Liberal Program"

These front-page headlines in this week's issues of the *New York Times* (the last two in adjoining columns) illustrate the wide-spread post-election disagreement whether the closeness of the vote dilutes the "liberalism" of the *mandate* registered in the Democratic Platform (cf. also "Truman Asserts Vote Is 'Mandate' ")

The manifestation of such uncertainty concerning the present "Mandate" status is joined by other current events, in calling for an early and fresh Election-Inaugural interregnum monetary statement by the President-elect.

Specifically, the eleventh hour trans-Atlantic flying trips of the Eisenhower Administration's high international - economic officials, Treasury Secretary Anderson and State Under - Secretary Dillon, glaringly call for policy approval or disapproval by the impending Administration. Such information is vital for our Allies as well as ourselves. Are they perhaps to consider President Eisenhower's sound directives for an international monetary housecleaning as mere End-of-Term "oratory"?

Impact On the Domestic Budget

While elimination of the family allowances to our military abroad, estimated by President Eisenhower at one billion dollars annually, would be beneficial in saving our dollars, the item's correlative re-routing to our domestic budget, already vulnerable to the prospective New Frontier, must not be overlooked. Similarly, transfer to the home market of the half-billion now spent abroad on goods and services by our military will be more than offset budgetarily. Will the status of the President-elect's domestic budgetary policy now entail some major reconsideration?

"Strings" Again

Realization of the crisis in our international budget entails that question of the accompaniment of "strings" to our foreign aid extensions, unilateral and multilateral. We previously thought we could afford the luxury of arguing this question largely on political considerations. Now, surely, the pro - Treasury pro - Anderson-ites have the pro-spenders on the run. What is going to be the Kennedy Administration's line on this element in the dollar's strength?

Another Controversial Expense Item

While a President-elect cannot be expected to beat-the-gun in the realm of major foreign policy, might not Mr. Kennedy during his apparent super-honeymoon period make some expression regarding our United Nations fellow-members putting us on the hook of picking up their tabs? The unilateral decision already announced by the Soviets, together with similar potential action by some other countries, refusing to contribute in any amount to the vast Congo expenses, will entail assessment on us extending to 50% of the total. Our dollar grants to the Organization and its various agencies have this year already come to $115 million — over six times the contribution by the Soviet Union.

Cheap Money and Gold Outflow

Most important of all the causes of the gold outflow over which we have some control, is the interest rate—here and in the competing centers abroad. Although the exact contribution of this interest differential, which has amounted to 2% for foreigners, to our gold losses is of course indeterminable, one leading bank economist estimates it at from two-thirds to three-quarters of the aggregate motivation. In any event, there can be no doubt that the interest differential has importantly contributed to the withdrawals by foreigners as well as our own nationals. The latter for the first time include life insurance companies along with other institutional investors and corporations.

Competing Interest Rates—At Home and Abroad

This importance of the "competing" short-term interest rate was recognized by Candidate Kennedy in his statement issued Oct. 30 in Philadelphia pledging maintenance of the dollar's present value and soundness. But his suggested compromise solution, a higher short-term interest rate together with a reduced long-term yield, seems unachievable in practice. The Federal Reserve could, indeed, lower the long-term rate by direct buying of such outstanding Treasury issues. But, with an inflated long-term market ensuing from such recognized manipulation, especially in the context of commitment to easy-money policy, it is difficult to see how the short-term rate could be concurrently kept higher. It must be remembered that the commercial banks in using their reserves have discretion to choose the maturity of their investments.

Thus the need for liquidity coupled with an obviously rigged long-term market, and the overall commitment to easy money, would make a simultaneous high-short, low - long project self-defeating.

Incidentally, the Treasury's offer made during the past week to the holders of maturing Series F and G Savings Bonds, totaling $750 million, to exchange them for to - be - additionally - issued 4% Treasury Bonds due in 1969 highlights additional difficulties in lowering the long-term rate.

* * *

Official Disclosure Vs. "Leakage"

Some specification in these areas, giving assurance on the non-devaluation prospects, might well be given by the next Secretary of the Treasury around the time of his appointment. Such procedure, by him or the President-elect, would provide a welcome contrast to the 1932-1933 *interregnum* interval. Then private disclosures by F.D.R. to Carter Glass, William Randolph Hearst, and outgoing President Hoover, provided "leakage" enabling a small sophisticated few to discern the change in the monetary prospects; while the public, here and abroad, continued to rely on Mr. Roosevelt's firm pre-election commitments.

Rocky Mt. Group Of I.B.A. Elects

DENVER, Colo. — At the annual meeting of the Rocky Mountain Group of the Investment Bankers Association of America the following officers and members of the Executive Committee were unanimously elected:

Chairman—Roscoe B. Ayers, Cruttenden, Podesta & Company.

Vice-Chairman — Norman Davis, Walston & Company, Inc.

2nd Vice-Chairman — William P. Sargeant, J. A. Hogle & Company, Salt Lake City.

Secretary-Treasurer—Eugene Neidiger, Earl M. Scanlan & Co.

Executive Committee—Leon Lascar, J. K. Mullen Investment Company; Herbert P. White, Coughlin & Company, Inc.; and William E. Sweet, Peters, Writer & Christensen, Inc.

Holdover members of the Executive Committee are: Malcolm F. Roberts, Garrett-Bromfield & Co.; Roger D. Fraley, Merrill Lynch, Pierce, Fenner & Smith Inc.; Roscoe B. Ayers, Cruttenden, Podesta & Co.; Edward Altman, Stone, Altman & Company; James M. Powell, Boettcher & Company; George B. Fisher, Bosworth, Sullivan & Company.

A. C. Allyn Co. Names Officers

CHICAGO, Ill.—A. C. Allyn and Company Incorporated, 121 South La Salle St., announces the election as Vice-Presidents of John R. Duchesneau, Gordon L. Teach and Norman I. Tufte of the Chicago office; William L. Kerbey and Lester M. Roeder of the Waterloo office; Earl K. Madsen of Omaha, and Robert E. Rayl of South Bend.

With Greene & Ladd

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Neil C. Estabrook, Jr. has become affiliated with Greene & Ladd, Third National Building, members of the New York Stock Exchange.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The following summary of general business and financial conditions appears in the November issue of the *Federal Reserve Bulletin:*

"Industrial production showed little change in October and new construction activity declined slightly while retail sales increased. Total employment declined and unemployment rose. Commercial bank credit increased, and the money supply rose slightly. In mid-November, common stock prices were higher than a month earlier.

Industrial Production

"Industrial production in October was 107% of the 1957 average—the same as in September and 3% below the average of the first half of 1960. Output of consumer goods and business equipment was maintained in Octoer and the further decline that occurred in production of materials was small.

"Among consumer goods, reductions in output of television sets, radios, and appliances—owing in part to strikes—were about offset by a further rise in auto production. Current schedules indicate a decline in auto assemblies in November. Output of apparel was maintained in October at the reduced September level, and production of consumer staples increased slightly. Activity in business equipment lines remained at a near record rate as moderate decreases in industrial and commercial equipment were offset by increases in freight and passenger equipment and farm machinery.

"Iron and steel production was unchanged in October at 72% of the 1957 average. Curtailments occurred in output of some other metals and fabricated products, however, and output of construction materials, textiles, and chemicals declined further. In early November, steel mill operations declined more than seasonally.

Construction

"The total value of new construction put in place declined slightly further in October. A continued decline in private residential building outlays was not quite offset by additional increases in expenditures for industrial and commercial building and an advance in highway construction activity.

Employment

"Seasonally adjusted nonfarm employment declined somewhat in October. Decreases were concentrated in manufacturing industries, and were particularly sharp in the machinery industries owing in part to strikes. Employment continued to increase in State and local government, but changed little in most nonmanufacturing industries. Unemployment, which usually declines in October, rose 200,000 to 3.6 million; the seasonally adjusted rate was 6.4%, compared with 5.7% in September.

Distribution

"Retail sales rose 2% in October to about the advanced May-June rate. The increase for auto dealers was particularly marked following introduction of the 1961 models but sales also expanded at most other categories of stores. Sales of new domestic autos, including a large number of 1960 models at reduced prices, reached a seasonally adjusted annual rate of 6.4 million, about the same as the second quarter average. Dealer stocks of new autos increased somewhat less than seasonally, but were at a record high for this time of year.

"The wholesale commodity price index showed little change in late October and early November, and remained close to the year-earlier level. Prices of such basic industrial materials as steel scrap, rubber, hides, and textiles declined further in the recent period. Average prices of farm products and foods changed little, in contrast to the customary seasonal decline.

Bank Credit and Reserves

"Total commercial bank credit increased $2.5 billion further in October reflecting mainly additions to bank holdings of U. S. Government securities at the time of the Treasury's financing operations. Total loans declined. The seasonally adjusted money supply, on a daily average basis, increased slightly further from September to October. Seasonally adjusted turnover of demand deposits declined.

"Member bank borrowings from the Federal Reserve averaged about $160 million and excess reserves $630 million over the four weeks ending Nov. 9. Borrowings were about the same as in the previous four weeks while excess reserves were somewhat higher. During the four weeks ending Nov. 9, reserves were supplied principally by an increase of $750 million in Federal Reserve holdings of U. S. Government securities. Reserves were absorbed mainly by a gold outflow of $490 million. Required reserves increased substantially.

Security Markets

"Yields on corporate and State and local government bonds declined slightly between mid-October and mid-November. The yield on 91-day Treasury bills fell in late October to 2.07%, a new low for the year, but then rose in the first half of November to 2.52%. After declining slightly in late October, yields on intermediate-and long-term Government securities increased again in the first half of November.

"In early November the Treasury conducted an exchange refunding of two issues maturing at midmonth. Investors accepted $9,100 million of 3¼% 15-month notes and $1,213 million of 3¾% 5½-year bonds. About $531 million of the two maturing issues will be redeemed in cash."

Bank Clearings 11.1% Above Same Week in 1959

Bank clearings last week showed an increase compared with a year ago. Preliminary figures compiled by the *Chronicle*, based on telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Nov. 19, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 11.1% above those for the corresponding week last year. Our preliminary totals stand at $32,287,123,691 against $29,064,350,352 for the same week in 1959.

Our comparative summary for the leading money centers for the week follows:

Week Ended	000s omitted		
Nov. 19—	1960	1959	%
New York	$17,186,875	$14,655,818	+17.3
Chicago	1,641,472	1,448,903	+13.3
Philadelphia	*1,400,000	1,286,000	+ 8.9
Boston	941,297	909,171	+ 3.5

*Estimated.

Lower Auto Activity to Curb Steel Operations

Automotive steel orders will definitely drop in December, the *Iron Age* reports. Unless general

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Resurgence of Foreign Borrowing in the U. S.

By Andrew N. Overby,* *Vice-President and Director, The First Boston Corporation, New York City*

International financing specialist fills an important informational gap as to the contribution made by American investment bankers in stimulating and channeling the international flow of capital. Note is taken of the significant increase in international portfolio investment in the world, including less developed countries, involving the public sale and private placement of new issues with and without the joint participation of national and international institutions. Mr. Overby explains: (1) why European or other non-U. S. investors have had greater interest than the U. S. investor in foreign dollar bond offerings in this market; (2) the obstacles to broadening further the interest of U. S. investors in foreign bonds; and (3) why no governmental or world institution can be a substitute for private international investments. He cautions national and world bodies not to let their zeal push them into doing what private capital can do.

Let me say at the outset that the field to be covered is so broad that I shall deliberately exclude any extended reference to the role of investment banking firms in direct investments abroad by United States corporations. By only limited reference to direct investments I would not wish to be misunderstood, however. The fact is that investment banking firms have played and will continue to play an important role in planning, advising on and helping to finance direct investments abroad by American corporations.

Andrew N. Overby

American companies have invested billions of dollars abroad in direct investments in branches and subsidiaries. The book value of such investments exceeds $30 billion and the replacement or market value would be much higher. Some of these investments reflect financing in foreign markets, such as Switzerland. But it should be mentioned as well that a large part of direct investments abroad by American companies are financed either by their retained earnings or by funds raised through the sale of securities in the United States through investment bankers in the United States. In 1959, for example, U. S. corporations added $2.5 billion to their investments in foreign subsidiaries and branches. Although $1.1 billion of this represented reinvested earnings of subsidiaries abroad, about $1.4 billion represented net capital outflow from the United States.

American investment bankers have played a role in the foreign investment which has been made in enterprises in the United States. They have also been active entrepreneurs in stimulating the movement of venture capital into foreign lands. The volume of American direct investment which has gone into manufacturing enterprises in Western Europe in recent years has been frequently noted. What may not be as fully realized is the role American investment bankers have played and are playing in assisting industrialists or entrepreneurs in the less-developed countries — such as India—in finding American industrial partners and arranging some of the necessary finance. They have often acted as the catalyst in getting such joint venture under way. They have been financial advisers and have often—despite great difficulties—secured American commercial bank or other longer-term finance as well as equity participation in such foreign enterprises. Let me repeat that by not dealing with these activities of American investment bankers more fully, I do not wish to minimize the importance of our investment bankers in the area of direct investments abroad.

While direct investment abroad by American corporations, as well as lending and aid by national and international institutions, have been discussed at many meetings on several occasions, I understand little has been noted with respect to so-called portfolio investments or concerning the activities of American investment bankers in stimulating or channeling the international flow of capital. It is to this general subject that I should shortly like to address myself more particularly.

Economic Strength of Free World

But first—amid all the recent and present international political gloom—let me make a more general observation of an encouraging nature. Despite the grave political problems of postwar period —despite the declaration of all-but-shooting war by the Soviets and Communist Chinese—and despite the great tasks of reconstruction which did face us at the end of the war and the imposing tasks of economic development which will continue to face us for many years ahead, the free world in fact is in the strongest economic and financial position it has ever enjoyed. Standards of living in the United States, in Western Europe, in Japan and in other areas are higher than ever before. With economic improvement and sounder fiscal and monetary policies prevailing in many important countries, the long struggle to rid ourselves of restrictions and controls has been marked by a success which in retrospect seem quite surprising. External convertibility of currencies has been restored in a significant portion of the free world. Trade restrictions have been sharply reduced. Greater freedom of capital movements exists.

And with all this—as one might expect — have come not only greater strength and freedom and higher levels of production and trade and living standards — but also a substantial improvement in the functioning and importance of the international banking and financial system. This is not to say that we do not continue to face formidable political and economic difficulties, but it is only realistic to appreciate how far we have come despite our problems.

Not only have national and international lending and aid agencies played a significant role in this great improvement, but there has been a very encouraging increase in the international operations of our private commercial and investment bankers. Foreign financing facilities have expanded for both short and longer-term financing. Our commercial banks have participated actively in World Bank and Export-Import Bank loans and in the shorter maturities of publicly offered foreign dollar bonds, as well as in making direct loans to foreign governments and corporations and to American business enterprises abroad. Corporations organized under the Edge Act by American banks have grown in number and importance. They are doing an increasingly helpful job in providing specialized export or commercial financing and investment financing and in giving advice and catalytic assistance to significant new enterprises abroad. Moreover, numerous investment funds are operating in the international field, investing in foreign securities and greatly expanding the flow of capital across international boundaries. Old capital markets have been restored to greater vigor and new capital markets have been developing in some of the less industrialized countries.

Scope of Foreign Borrowing

International portfolio investment is believed to have now equalled or surpassed the dollar volume achieved in the 1920's. The improvement in the international capital markets and in the international financial machinery —as well as in the financial and economic strength of borrowing countries—has been reflected, for example, in the return to international capital markets — especially in recent years—by many countries which were accustomed to do their development financing in the bond markets before the war. As Eugene Black, President of the World Bank, has noted, over $3 billion of foreign bonds have been sold since the war (foreign bonds being defined as those bonds sold in the markets of some other country). This figure excludes Canada, and bonds of the dependent territories sold in the metropolitan country (as well as World Bank bonds which I shall mention later). It does include the publicly issued bonds of 23 different countries which have been sold in six different markets, i.e., Germany, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. In addition, private companies from 12 different countries have sold $300 million worth of bonds in investment markets outside their own countries.

With all of these gains in economic strength and freedom to which I have referred, there has occurred a significant increase in the activities of American investment bankers in the field of international finance. These activities take many forms but it may be of interest to look first at the sales of new issues of securities for foreign investment which have been made by American investment bankers either through the underwriting and distribution of publicly offered securities or through direct or private placements with our institutional investors.

Financing by World Bank

The most important single issuer of bonds specifically for foreign investment purposes in the postwar period has been the International Bank for Reconstruction and Development—the World Bank. Dollar bonds of the World Bank sold through American investment bankers have totaled $1.6 billion since July, 1947. In earlier years these bonds were purchased largely by U. S. investors and I am happy to say that the number of institutional and other investors in the United States who have bought and who own World Bank bonds is constantly increasing with each new offering. It is also significant that, with the increased economic and financial strength of other free world countries, more and more purchases of dollar bonds and notes of the Bank have been made by investors outside of the United States. It is estimated that about 22% of the Bank's publicly offered dollar bonds are now held by investors outside the United States. The World Bank has also placed dollar issues directly with central banks and other institutions abroad.

In addition, with the greater strength of other countries and the revival of capital markets abroad, the World Bank has sold public bond issues in the currencies and markets of Switzerland, Germany, the United Kingdom, Canada, the Netherlands, and Belgium, totaling over $300 million. It has recently obtained the bulk of its funds from Germany and the German Central Bank. Including these foreign currency issues and dollar bonds and notes placed directly, more than half of the World Bank's outstanding debt of about $2.1 billion is now held by investors outside the United States.

Canada, its provinces, municipalities and corporations, have always been active seekers of capital in the United States market. The volume of such finance handled by U. S. investment bankers has been substantial. U. S. dollar issues sold publicly and privately by Canadian public bodies alone have totaled over $2.5 billion since 1947. Sales of Canadian issues in this market, however, are often treated as a special category and excluded from discussion of international financial activities and I shall follow that practice hereafter in my reference to foreign (i.e., non-Canadian) issues.

Extent of Foreign Capital Issues Sold in U. S.

Private portfolio foreign investments in the immediate post-war period were restrained because of the existence of defaults or suspensions of debt service by some foreign governments on their external obligations and by the economic and monetary difficulties of many countries. However, as suspensions of debt service and defaults have been cured in most instances, and with the improvement in economic and financial strength abroad, many foreign countries have been able to raise capital again through dollar bond offerings in this market. There has been a significant increase in such offerings in more recent years.

In the post-war period there have been 39 public dollar bond offerings by American investment bankers for foreign government and public bodies, totaling $880 million in amount. The greatest single year of activity was 1958 when 13 issues, totaling $256 million, were publicly offered. In addition, 4 foreign corporate issues, totaling $264 million, have been publicly offered by U. S. investment bankers in recent years.

The volume of foreign issues placed directly or privately with United States institutional and other investors, usually through investment bankers acting as agents, is not as accurately known, but is estimated to be over $460 million since 1946 based on incomplete data.

In addition to the original public offering or direct placement of securities of foreign issuers in this market mainly through United States investment bankers, there has more recently been a very substantial increase in the purchase of already outstanding foreign shares by American institutional and individual investors. These have included principally purchases of shares in Belgium, France, Germany, Italy, Japan, the Netherlands, Switzerland, and the United Kingdom, as well as in some of the less industrialized nations. The volume of net purchases by Americans of foreign shares (not including Canadian shares) is estimated at over $400 million in the two year period of 1958 and 1959.

The World Bank has been most helpful in the increased return to the United States capital market by foreign government borrowers. Not only have its policies and practices and actual loans helped to restore and improve the economic and financial standing of member countries, but it has participated in many joint operations with private investors in the United States market. In such joint operations, the World Bank made a loan at the same time as the foreign borrower sold its bonds publicly in the United States capital market. The fact that the World Bank had studied the project and the country and was making a loan and becoming a partner undoubtedly helped the borrower in selling its bonds to private investors. This has been particularly useful when a country was re-entering the international private capital markets for the first time since pre-war days. In these joint operations involving public offerings of bonds in the private capital market the total amount raised has been $455 million, with $236 million coming from the market, $199 million from the World Bank's loans, and $20 million equivalent from loans by the European Investment Bank.

World's Largest Market

The United States capital market for foreign bond offerings is an international market, and the largest one in the world. It has been a free market—open to foreign and American issuers alike—and the respect in which the dollar has been held has undoubtedly contributed to the importance of our market. Although new issues of foreign bonds have been offered in other capital markets—such as Switzerland — the underwriting and distributing strength and the freedom of the United States capital market have made it the prime new issue market.

Continued on page 26

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The dramatic speculation in gold which carried the price up to about $40 an ounce for a brief period a few weeks back was generally considered at the time as little more than a disquieting flurry with but few important overtones. However, since then diplomats and economists as well as politicians have crossed the oceans to study and discuss the complexities of the situation, our important newspapers and periodicals have more persistently written of the event.

President Eisenhower has seen fit to touch upon the problem involved and has outspokenly referred to abrupt foreign policy changes that should immediately be set in motion in order that the dangerous deficits in our international balance of payments be drastically reduced. From a reportedly brief flurry we are now confronted with a national emergency. The action demanded is in sharp contrast to our present policies and those enunciated by President-elect Kennedy.

Municipal Market Weakened

The financial community has paid particular attention to the circumstances surrounding the gold speculation, the adverse balance of payments and money rate differentials as between the U. S. A. and the European countries.

The first financial impact has recently been absorbed by the bond market generally, as well as by the tax-exempt sector which is our particular interest. Up until a week ago the bond market had tended to be firm and even strong in spots, brought on partly by the lowered tempo of the economy, the general expectation that the new Administration might actively encourage a cheaper money program, and the Reserve's easier money machinations.

During the past week or more, however, the bond market has acquired an easier undertone due partly to a recent lack of general interest in tax-exempt bond offerings by institutional and other investors. As a consequence, municipal bond inventory has built up substantially within a brief period and despite a fairly light calendar.

No Cheap Money Abroad

With news columns and editorials daily emphasizing our balance of payments deficits, and with the uncertainties that accentuate during the lengthy period of Administration changeover, the bond market, rather than the equity market, has been disdained by investors for obvious reasons. The fact that our financial mission to West Germany seems likely to win no effective relief from our financial commitments in Europe within a reasonably short period has generated further disappointment and may further upset financial markets.

Although the differential in money rates as between Europe and the U. S. A. has been recently played down, this continues as a monstrous problem for us. Europe's redevelopment has not been based upon cheap money and their experience belies its effectiveness. Moreover, the artifice of cheap money seems not used in Europe as a political gimmick as has happened here. Our entreaties for money rate cooperation to certain European countries as an effective combat to our money outflow seems incapable of realistic fulfillment under the circumstances.

These general factors must have a compelling influence on our economy and are already having their effect on our bond markets. Moreover, we feel that the tax-exempt bond market is vulnerable to downward revision due partly to recent extravagant new issues bidding and because of unannounced new issue volume to be scheduled in the not distant future.

No Impact Yet on Yield Index

The *Commercial and Financial Chronicle's* high grade bond yield Index has not as yet reflected the market's recent easiness. Secondary market price adjustments are not reflected that quickly or that sensitively. The index is about unchanged this week at 3.237% against 3.238% last week Nov. 16. Theoretically the market is lower.

Of the recent large new issue offerings, only one has received a favorable investor reception. The $34,750,000 Commonwealth of Massachusetts (1961-2009) issue reoffered last Wednesday, Nov. 16, has been sold down to a balance of about $7 million. Considering the fact that this large issue was priced right up to the market, this performance seems worthy of praise. The $35,850,000 City of Philadelphia, Pennsylvania general obligation (1962-1991) issue awarded the following day did not meet with as favorable investor interest. This large issue is still a little less than half sold.

Recent Financing

The past week's only other large flotation involved $25,000,000 Port of New York Authority 3⅝s due 1989. This long-term issue attracted two large groups to make bids on Nov. 21. The group headed by Halsey Stuart & Co., Inc., Drexel & Co., Glore Forgan & Co. and Ladenburg, Thalmann & Co. won the award by covering the Blyth & Co., Harriman, Ripley & Co., Inc. group which included Smith Barney & Co., The First Boston Corp., Kidder Peabody & Co., Lehman Brothers and others, by only about ⅜ of a point. The bonds were reoffered at 97.83 to yield approximately 3.75%. At this writing, the account reports a balance of $22,700,000.

Although all of the Port of New York Authority issues have generally been popular with investors, it would appear that a serial bond offering might have been more easily absorbed at the present juncture of the market than a block of long-term bonds.

On Tuesday, Nov. 22, several groups competed very closely for $3,200,000 City of Bridgeport, Connecticut serial (1961-1980) bonds. The winning group headed by the Chase Manhattan Bank and including C. J. Devine & Co., Ladenburg, Thalmann & Co., Auchincloss, Parker & Redpath and others priced the 2.85% bonds to yield from 1.50% to 3.05%. Bridgeport's credit is highly rated and the keen bidding was based upon this quality. At last report the balance in account was $1,180,000. In view of the easier market, and the relatively high pricing, this performance seems good.

A more cautious approach to the new issue market was evidenced by the sale on Tuesday, Nov. 22, of $1,000,000 Brookhaven, New York UFSD (1962-1990) (Patchogue) bonds to the group involving Roosevelt & Cross, Francis I. du Pont & Co., and Tilney & Co. The issue was awarded to this group bearing a 3.70% coupon. The bonds were reoffered at prices to yield 2.00% to 3.80%. These yields are greater than might have obtained a week ago and seem to represent the changing market.

Dollar Bonds Easier

The dollar quoted municipal revenue and toll road issues have been easier since Monday, Nov. 21. During the interim the markets were off an average of about one point. However, as we go to press, they seem fairly well stabilized in light trading. The *Smith Barney & Co.* toll road bond yield index stood at 3.85% on Nov. 17, the last reporting date; this was little changed from 3.84% from the previous week. If figured today this yield index would be somewhat higher.

Retail Sales Disappointing

Since our last column, street inventory has expanded considerably. On Nov. 16 the municipal inventory total, as expressed by the *Blue List*, was $301,242,000; presently the municipal total is $379,690,000. Had the week brought heavy new issue volume to the market, this increase would not be remarkable. However, new issue volume has been light and consequently the week's lack of retail activity is emphasized.

The calendar has increased as a few large issues have been announced for sale during the next 30 day period. The visible supply is now close to $350 million. Important recent additions include $97,615,000 Public Housing Administration serial bonds for Dec. 14; $12,500,000 Maryland State Road Commission serial bonds for Dec. 17; $10,000,000 San Diego, California school district bonds for Dec. 6; $12,500,000 State of Texas bonds for Dec. 5; and $14,500,000 Florida Development Commission (Hillsborough County) for sale Nov. 30.

The only sizable negotiated type issue presently scheduled for the near future is the approximately $45 million Oklahoma City Improvement Authority financing, the underwriters of which will include John Nuveen & Co., Allen & Co., B. J. Van Ingen & Co., and Leo Oppenheim & Co.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.60%	3.45%
Connecticut (State)	3¾%	1980-1982	3.30%	3.15%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.25%	3.10%
New York (State)	3%	1978-1979	3.15%	3.00%
Pennsylvania (State)	3⅜%	1974-1975	3.00%	2.90%
Vermont (State)	3⅛%	1978-1979	3.15%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.20%	3.05%
Los Angeles, Calif.	3¾%	1978-1980	3.65%	3.50%
Baltimore, Md.	3¼%	1980	3.40%	3.25%
Cincinnati, Ohio	3½%	1980	3.20%	3.05%
New Orleans, La.	3¼%	1979	3.65%	3.50%
Chicago, Ill.	3¼%	1977	3.65%	3.50%
New York City, N. Y.	3%	1980	3.60%	3.55%

November 23, 1960 Index=3.2377%

With Ohio Company

COLUMBUS, Ohio — Elmer H. Gardner, Jr. is now with The Ohio Company, 51 North High Street, members of the Midwest Stock Exchange.

T. G. Lambron Opens

SAN DIEGO, Calif.—Theodore G. Lambron is conducting a securities business from offices at 4265 Summit Drive.

Form World Wide Investors

World Wide Investors has been formed with offices at 103 Park Avenue, New York City, to engage in a securities business. Partners are Alfred H. Fix and Edward E. Bilansky.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

Nov. 28 (Monday)			
Dearborn Township School Dist. No. 4, Michigan	1,400,000	1963-1986	7:30 p.m.
Nov. 29 (Tuesday)			
Alabama Highway Authority, Ala.	15,000,000	1962-1981	11:00 a.m.
Albuquerque, New Mexico	4,500,000	1962-1981	10:00 a.m.
Calvert County, Md.	1,000,000	1961-1976	11:00 a.m.
Campbell and Kenton Counties Sanitary District, Ky.	1,300,000	1962-1983	11:00 a.m.
Garland, Texas	3,825,000	--------	--------
Johnstown Municipal Authority, Pennsylvania	5,000,000	1963-1986	Noon
Natchitoches, Louisiana	1,250,000	1962-1990	11:00 a.m.
North Hempstead U. F. S. D. No. 9, New York	2,215,000	1961-1990	2:00 p.m.
Ogden Sch. Dist., Utah	1,500,000	1961-1971	8:00 p.m.
Puerto Rico (Capital of)	5,000,000	1961-1980	11:00 a.m.
Pulaski County, Arkansas	1,500,000	--------	--------
Warren Consolidated School Dist., Michigan	2,000,000	1963-1987	8:00 p.m.
Nov. 30 (Wednesday)			
Florida Development Comm., Fla.	14,500,000	1964-1990	11:00 a.m.
Tazewell County School District, No. 108, Ill.	1,500,000	1963-1973	5:00 p.m.
Union and Owego Central School District No. 1, N. Y.	3,991,000	1961-1980	2:00 p.m.
Dec. 1 (Thursday)			
Hempstead U. F. S. D. No. 9, N. Y.	5,350,000	1961-1987	11:00 a.m.
Indianapolis School City, Ind.	1,040,000	1962-1981	12:30 p.m.
*Oklahoma City Improve. Author., Oklahoma	45,000,000	--------	--------
Raton, New Mexico	1,350,000	1962-1981	2:00 p.m.

*A negotiated sale of a minimum of $45,000,000 and a maximum of $65,000,000, to be underwritten by a syndicate managed by John Nuveen & Co., Allen & Co., B. J. Van Ingen & Co., Inc., and Leo Oppenheim & Co.

Dec. 2 (Friday)			
Adams State College of Colorado	1,330,000	1963-2000	9:30 a.m.
Delaware (State of)	3,299,000	1961-1980	11:00 a.m.
Dec. 5 (Monday)			
Peoria County Sch. Dist. No. 150, Illinois	7,800,000	1961-1980	8:00 p.m.
Quincy, Illinois	1,810,000	1962-1973	8:00 p.m.
Texas (State of)	12,500,000	1962-1992	10:00 a.m.
Dec. 6 (Tuesday)			
Detroit, Mich.	8,530,000	1963-1985	10:30 a.m.
Florida State Board of Education, Florida	2,825,000	--------	--------
Granite School District, Utah	1,050,000	1963-1968	6:30 p.m.
Hempstead Union Free Sch. Dist. No. 2, N. Y.	2,080,000	1961-1988	3:30 p.m.
Knoxville, Tenn.	1,950,000	1961-1985	Noon
Nashville, Tenn.	5,900,000	1961-1997	7:30 p.m.
Riverside Parking District No. 1, Calif.	1,650,000	1962-1986	9:30 a.m.
San Diego Unified Sch. Dist., Calif.	10,000,000	1963-1982	10:30 a.m.
South Bend, Indiana	1,940,000	1951-1972	1:00 p.m.
Surry County, N. C.	2,000,000	--------	--------
West Virginia (State of)	2,000,000	1961-1985	1:00 p.m.
Dec. 7 (Wednesday)			
Davison Sch. Dist., Mich.	1,650,000	1962-1990	8:00 p.m.
Fairfax County, Virginia	8,500,000	1962-1988	--------
Maryland State Roads Commission, Maryland	12,500,000	1962-1976	11:00 a.m.
Saddle Brook Township Sch. Dist., New Jersey	1,190,000	1961-1981	8:00 p.m.
Virginia Polytechnic Institute, Va.	1,000,000	1962-1981	Noon
Dec. 8 (Thursday)			
Concord College, State Board of Education, West Virginia	1,648,000	1962-1989	2:00 p.m.
East Lansing, Mich.	2,500,000	1962-1995	8:00 p.m.
Dec. 9 (Friday)			
Abilene Ind. Sch. Dist., Texas	1,750,000	1962-1985	1:30 p.m.
Dec. 12 (Monday)			
Boise Ind. Sch. Dist., Idaho	2,150,000	1962-1980	Noon
Dec. 13 (Tuesday)			
Los Angeles County Hospital Dist. California	7,000,000	--------	--------
South Bay Union High Sch. Dist., Calif.	1,000,000	1962-1981	9:00 a.m.
Dec. 14 (Wednesday)			
East Baton Rouge Parish Sewer District, La.	7,000,000	1962-1991	6:00 p.m.
Michigan (State of)	25,000,000	--------	--------
Public Housing Administration, Washington, D. C.	97,615,000	1961-2000	--------
Union County, N. J.	1,820,000	1961-1975	11:00 a.m.
Dec. 17 (Saturday)			
University of Nevada, Nev.	2,012,000	1962-1999	11:00 a.m.
Jan. 3 (Tuesday)			
Cerritos Junior College District, Calif.	2,300,000	1962-1981	9:00 a.m.
Jan. 10 (Tuesday)			
Los Angeles Sch. Dist., Calif.	30,000,000	--------	--------
Jan. 12 (Thursday)			
Jackson County, Mich.	1,750,000	--------	10:00 a.m.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Aluminum Industry — Analysis — With particular reference to **Aluminum Co. of America** and **Reynolds Metals Co.** — Purcell & Co., 50 Broadway, New York 4, N. Y. Also available is a bulletin on **Frank G. Shattuck.**

Bank Stock Notes — Circular on leading New York City Banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Bank and Trust Companies of the United States — Comparative figures—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Depressed Stocks with recovery potential—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Fire & Casualty Stocks — Comparative figures—Robert H. Huff & Co., 210 West 7th St., Los Angeles 14, Calif.

Inside A Portfolio — Selections — Shields & Co., 44 Wall St., New York 5, N. Y.

Investments under the New Administration—Discussion of market outlook—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on **Toyota Motor Co., Ltd.** and **Takashimaya Co., Ltd.**

Japanese Market—Review—Nikko Securities Co., Ltd., 25 Broad St., New York 4, N. Y. Also available is a report on **Matsuchita Electric Industrial Co., Ltd.**

Japanese Stock Market — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available are analyses of **Yawata Iron & Steel; Fuji Iron & Steel; Hitachi Limited** (electronics); **Kirin Breweries; Sumitomo Chemical; Toyo Rayon; Toanenryo Oil Company; Sekisui Chemical Co.** (plastics); **Yokohama Rubber Co.;** and **Showa Oil Co.**

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Portfolio — Suggested issues — Droulia & Co., 25 Broad St., New York 4, N. Y.

Private Plane Makers — Analysis —H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are analyses of **Pipe Line Issues** and **U. S. Shoe Corp.**

Private Plane Makers—Review—The Milwaukee Company, 207 East Michigan St., Milwaukee 2, Wisconsin.

Tax Exempt Bond Market—Review—Park, Ryan, Inc., 70 Pine St., New York 5, N. Y.

Tax Switches — Comments and suggestions — Freehling, Meyerhoff & Co., 120 South La Salle St., Chicago 3, Ill.

Tax Switch Possibilities in Canadian Securities — Memorandum — A. E. Osler Co., Ltd., 11 Jordan St., Toronto 1, Ont., Canada.

* * *

Aero Industries Inc. — Memorandum—Myron A. Lomasney & Co., 67 Broad St., New York 4, N. Y.

Alterman Foods, Inc.—Analysis—Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y. Also available is a report on **Emerson Electric Manufacturing Co.**

American Can—Review—Penington, Colket & Co., 70 Pine St., New York 5, N. Y. Also available is a suggester **Portfolio** to yield 5%.

American Parish Youth Center, Primavalle, Rome — Bulletin — Keenan & Clarey Inc., First National Bank Building, Minneapolis 2, Minn.

American Viscose — Report — Walston & Co., Inc., 74 Wall St., New York 5, N. Y.

Audio Devices — Memorandum — Wm. M. Rosenbaum & Co., 331 Madison Ave., New York 17, N. Y.

Automatic Cafeterias for Industry —Report—Richard Gray Co., 237 West 51st St., New York 19, N. Y.

Bank of America, N. T. & S. A.—Analysis—A. C. Allyn & Co., 121 South La Salle St., Chicago 3, Ill. Also available are analyses of **Baxter Laboratories, Consolidated Foods Corp.,** and **Standard Oil of Indiana.**

Beckman Instruments—Review—Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also available are reviews of **Beech Aircraft** and **Cessna Aircraft.**

Benson Manufacturing Company —Analysis—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Bishop & Babcock Manufacturing Co. — Analysis — J. N. Russell & Co., Inc., Union Commerce Bldg., Cleveland 14, Ohio.

British Columbia Power Corp., Ltd. — Review — Annett Partners Limited, 220 Bay St., Toronto, Ont., Canada. Also available is a review of **Alberta Natural Gas Company, Ltd.**

British Government Bonds — Analysis—Evans & Co., Inc., 300 Park Ave., New York 22, N. Y.

Cenco Instruments — Analysis — Cohen, Simonson & Co., 25 Broad St., New York 4, N. Y.

Chicago & Northwestern Railway — Analysis — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Cluett, Peabody & Co.—Analysis —Hooker & Fay, Inc., 221 Montgomery St., San Francisco 4, Calif.

Coastal States Gas Producing — Memorandum—Hill, Darlington & Grimm, 2 Broadway, New York 4, N. Y.

Dilbert's Leasing and Development Corp. — Bulletin — L. J. Termo & Co., Inc., 79 Madison Ave., New York 16, N. Y.

Dymo Industries — Data — Globus Inc., 660 Madison Ave., New York 21, N. Y. Also available are data on **Technical Measurement Corp.** and **Chance Vought.**

Dymo Industries — Analysis — Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia National Bank Building, Philadelphia 7, Pa.

Eastman Kodak Co. — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Peabody Coal Co.**

Electric Storage Battery—Memorandum — Hallgarten & Co., 44 Wall St., New York 5, N. Y.

Elliott Automation Ltd.—Analysis —New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Farrington Manufacturing Co. — Analysis—Paine, Webber, Jackson & Curtis, 209 South La Salle St., Chicago 4, Ill.

Ford Motor Company — Chart analysis—Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a chart analysis of **Mead Corporation.**

Four Star Television—Analysis—Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles, 14, Calif.

Franklin Life Insurance Company —Analysis—Wm. H. Tegtmeyer & Co., 105 South La Salle St., Chicago 3, Ill.

General Instrument — Memorandum—Auchincloss, Parker & Redpath, 2 Broadway, New York 5, N. Y.

General Telephone & Electronics Corp. — **Analysis**—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

General Tire & Rubber Co.—Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Consolidated Natural Gas Co.**

P. H. Glatfelter Co. — Analysis — Butcher & Sherrerd, 1500 Walnut St., Philadelphia 2, Pa.

Heli-Coil Corporation — Analysis — W. C. Langley & Co., 115 Broadway, New York 6, N. Y.

Inland Container Corp.—Memorandum—Paine, Webber, Jackson & Curtis, 111 Monument Circle, Indianapolis 4, Ind.

Jeannette Glass Co. — Memorandum—Arthurs, Lestrange & Co., 2 Gateway Center, Pittsburgh 22, Pennsylvania.

Johnson Electronics — Memorandum — Security Associates, Inc., 300 Park Ave., South, Winter Park, Fla.

Koppers Company — Bulletin — Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa.

McDonnell Aircraft — Memorandum—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y.

Microwave Industry with particular reference to **FXR, Inc., Microwave Associates** and **Motorola** — Halle & Stieglitz, 52 Wall St., New York 5, N. Y.

Minerals & Chemicals Philipp Corp.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Bristol Myers.**

Pacific Telephone & Telegraph—Report—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are data on **Bell Telephone of Canada, Southwestern States Telephone,** and **California Water & Telephone.**

Raleigh Durham Airport Authority, N. C. — Memorandum — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is an analysis of the **Food Industry** and reports on **Hammermill Paper Co., Merchants Fast Motor Lines, Minneapolis & St. Louis First Mortgage 6s of 1985, Monsanto - American Viscose - Chemstrand, Cletrac Corp., Pepsi-Cola, Rochester Gas & Electric Corp., Southern Railway, Cigarette Companies, Union Pacific** and **Western Maryland.**

Random House — Analysis — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Seeman Brothers — Memorandum — Spear, Leeds & Kellogg, 111 Broadway, New York 6, N. Y. Also available are memoranda on **Garrett, Winn Dixie Stores** and **Associated Testing Laboratories.**

Shamrock Oil & Gas Corporation — Analysis — Dreyfus & Co., 2 Broadway, New York 4, N. Y.

Socony Mobil Oil Company — Analysis — Hornblower & Weeks, 40 Wall St., New York 5, N. Y. Also available are data on **International Harvester, American Seating, American Water Works, Creole Petroleum, and National Standard.**

Sony Ltd. of Japan — Analysis — M. H. Meyerson & Co., Ltd., 15 William St., New York 5, N. Y.

Sperry Rand — Analysis — Weingarten & Co., 551 Fifth Ave., New York 17, N. Y.

Standard Oil of Ohio—Review—Hardy & Co., 30 Broad St., New York 4, N. Y.

Suburban Propane Gas Corp. — Memorandum — Charles A. Taggart & Co., 1516 Locust St., Philadelphia 2, Pa.

Sunshine Biscuit Co.—Memorandum — E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

James Talcott, Inc. — Report — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

U. S. Freight Co. — Analytical Brochure — Hamershlag, Borg & Co., 25 Broad St., New York 4, N. Y.

Utah Construction & Mining Co. —Analysis—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also available are data on **Dutron Corporation.**

Valic and the Variable Annuity —Report—John C. Legg & Co., 22 Light St., Baltimore, Md. and 76 Beaver St., New York 5, N. Y.

Van Camp Sea Food Company—Analysis — William R. Staats & Co., 640 South Spring St., Los Angeles 14, Calif.

Warner Electric Brake & Clutch Co.—Memorandum — Cruttenden, Podesta & Co., 209 South La Salle St., Chicago 4, Ill.

Whitin Machine Works — Analysis—Schirmer, Atherton & Co., 50 Congress St., Boston 3, Mass.

Wilson & Co., Inc. — Analysis — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Wolverine Shoe and Tanning Corporation — Analysis — A. G. Becker & Co., Inc., 60 Broadway, New York 4, N. Y.

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF NEW YORK

At the annual meeting of the Security Traders Association of New York, to be held Dec. 2, in addition to voting for officers for 1960 the members will also vote for National Committeemen Alternates, the slate being composed of John Fitzgerald, W. C. Pitfield & Co., Inc.; James T. Gahan, E. F. Hutton & Company; Thomas Greenberg, C. E. Unterberg, Towbin Co.; Robert M. Topol, Greene and Company; and James V. Torpie, Torpie & Saltzman.

Four members of the nominating committee will be chosen from the following nominees: Robert D. Brearly, Wood, Gundy & Co., Inc.; Peter W. Brochu, Allen & Company; Bernard J. Clancy, Jr., Merrill Lynch, Pierce, Fenner & Smith Inc.; George Collins, American Securities Corp.; Walter Filkins, Troster, Singer & Co.; E. Michael Growney, Gregory & Sons; Edward J. Larkin, White, Weld & Co.; William J. McGovern, Blyth & Co., Inc.; John J. Meyers, Jr., Gordon Graves & Co.; Daniel G. Mullin, Tucker, Anthony & R. L. Day; Thomas J. Mullins, Dean Witter & Co.; John D. Ohlandt, New York Hanseatic Corporation; Kenneth C. Stanford, F. S. Smithers & Co.; Robert Torpie, Sr., J. C. Bradford & Co.; and Bernard Weissman, Gold, Weissman & Co.

Allegri-Tech Common Sold

Allegri-Tech, Inc. offered via a Nov. 21 prospectus, 100,000 shares of common stock (par 50 cents) at $6 per share through Myron A. Lomasney & Co., underwriter.

About 75% of the company's sales results from the production of printed circuits and also the assembly of modules. These products are now being used in bank systems, computers, sorting and cataloguing equipment, and in the guidance, stabilizing and navigation systems of the Polaris-firing submarine.

About 25% of the company's sales consist of the production of other electrical components, chiefly boards and cabling systems, presently being used by Remington-Rand in its Univac machine and cabling systems that are presently being used in the Hawk Missile System.

The net proceeds from the sale, after deducting expenses, will be $494,500 and will be added to the general funds of the company to discharge $35,000 of notes payable to a bank; to discharge obligations totaling $8,467; to finance leasehold improvements; to finance the research and development and the balance will be added to working capital.

The capitalization of the company giving effect to the present financing consists of 700,000 shares of common stock (par 50 cents) of which 327,500 shares are now outstanding.

Probing the Oil Stocks

By Dr. Ira U. Cobleigh, *Enterprise Economist*

A broad appraisal of current factors in the oil business, and some notes about a few companies displaying market animation.

To make a topical or seasonal reference, the forward motion of oil stocks had been stopped at the line of scrimmage for some time. For months Standard of New Jersey has hovered around the 40 level; and Standard of Indiana has moved in a range just a few points higher. Yet only a few years back these were the market darlings. At the end of 1958 Standard of Jersey sold at 58, Indiana at 47 and that one time favorite Amerada, at 100. Amerada closed last week at 66¾. And yet these, with a dozen or so other leading oils were main items in investment trust portfolios in the 1950-56 era accounting in a number of instances for 20% and more of total equity holdings; and capital gains in representative oil equities in the pastwar decade averaged about 300%.

Well, oil may still be good for the lamps of China but it certainly has lost a lot of market savor in the past four years. Why? First, demand has flagged. During the first 10 postwar years free world consumption grew at an 8% annual rate—6% in the U. S. and 12% abroad. The worldwide growth rate has now slipped to 5% and 1960 consumption advance in the U. S. will be around a meager 3%. Why has demand thus tapered off? Natural gas and other energies have made extensive inroads; a broad-spread conversion from coal to oil in space heating and railway transportation has been virtually completed; the pace of new motor vehicles coming on the road had slackened; and a rising percentage of new cars are of the Lilliputian, or compact, variety with greatly reduced thirst per mile for gas. Finally, there there have been important advances in the efficiency of the use for oil. So much for the demand.

On the supply, or production side the picture is not very attractive. Apparently there is a basic worldwide over supply of oil that may continue for several years. Not only have traditional sources of oil continued to define increased reserves but new petroleum areas have been found and developed in Venezuela, Libya, Algeria and the Middle East. North Africa may shortly furnish France with a large portion of its oil needs, and reduce or perhaps in due course eliminate, her deliveries from the sands of Araby. All of these new sources of supply press heavily upon a satiated market. Not only that but some of these new stores of oil are not in the hands of the 7 major international companies but are being developed by smaller companies, less patient in converting their production into cash; and substantial price discounts have been observed in a number of markets. On top of all this Russian competition has emerged bringing political as well as economic consequences. How absurd it is for Russia to bring oil thousands of miles to Cuba when rich stores of Venezuelan oil are so available and accessible!

The domestic oil supply in the United States is somewhat more orderly due to substantial proration, and to import controls which soften the competition created by surplus foreign production. These limitations have served to develop two prices for crude, the posted prices in the United States, and the world price at which other nations may buy.

Finally, the profitability of crude production is further clouded by recurring Arabian demands for a higher percentage "split." The political uneasiness in Venezuela, and the National Oil Co., it has organized pose the threat of nationalization of production such as occurred in Mexico some time ago. In the United States there's disquietude about the present 27½% depreciation allowance. There has been considerable demand that this be reduced and only this year the Senate voted 56 to 30 to defeat an amendment that would have reduced the allowance to 15%. Political pundits expect a similar bill to be introduced in the next session of Congress.

Now all of the foregoing does little to paint an exciting picture about oil shares, and does much to account for their languid and laggard market performance in recent months. But, considering the uninflated prices and attractive dividend yields now available in many prime oil equities, perhaps we may be now justified in assuming that the market has discounted quite adequately all the gloomy factors recited above. Let's see what sort of constructive viewpoint can be developed for these shares on the theory that the worst is over. Some issues have already developed forward momentum.

Representative oil stocks now sell at between 11 and 13 times indicated 1960 net earnings, and these net earnings have been gleaned under exceedingly competitive conditions. They are not inflated and represent a most legitimate and conservative basis for the calculation of a price multiple. Whereas many industrial equities are now selling at historically high price/earnings ratios, many oil stocks are selling on pre-war ratios.

Moreover, even though earnings have declined since 1957, dividends, in most cases, have been maintained. (Amerada recently increased its dividend.) Thus yields, in some instances, of as high as 5¼% can now be obtained in good companies affording satisfactory dividend coverage. And several companies should report net earnings for 1960 modestly higher than 1959 results. For example Standard of Indiana should show $4 against $3.90 last year; Socony Mobil $3.50, against $3.37; and Standard of New Jersey $3 against $2.91.

So assuming that even with all the problems facing the industry, a turnabout in earnings is in sight, then some of these oil shares might be considered favorably for current purchase.

Texaco has a positive look about it. A completely integrated company, a major, nationally and internationally, with service stations in every state, Texaco is well managed with a talent for earning money. Texaco will earn about $6.20 per share this year which is more than it earned in any year since 1956. Cash dividend is $2.80 and there was a stock extra last year. At 79 the common yields less than 4%, but the company seems to deserve investment billing near the top of the industry.

Phillips Petroleum is another company moving briskly ahead with fine 1960 earnings (around $3.25 a share in prospect. Stock has advanced in recent weeks due perhaps to renewed recognition of its favorable position in petrochemicals, its huge reserves of natural gas and its 45% interest in Pacific Petroleum, a big Canadian property with a bright future in oil pipelines and gas. Either the common at 53 paying $1.70, or the 4¼% debentures due 1987, convertible into common at 50, and selling at 116, represent an interesting entry into the Phillips picture. This is no a "tired" oil.

Another oil share with a forward look is Shamrock Oil and Gas Corp. This company has held its income steadily around $2.60 for the past two years and should move ahead to $3.00 for 1960. In 1959 Shamrock converted 16.1% of gross operating income into net earnings. This is solid tribute to managerial excellence. Shamrock is strong in oil and gas reserves and in May of this year began profit-laden and expanding pipeline deliveries of natural gas to a new electric generating plant at Amarillo, Texas. Income sources are quite well balanced and refined products are ones yielding unusually high profit margins. Though Shamrock Oil common is around its year's high at 42 the stock is well regarded as are the 5¼% debentures, due 1982 convertible into common at 36. These bonds sell around 121.

Other oils with a positive outlook would include Continental, Kerr-McGee and Louisiana Land and Exploration.

Perhaps this oil group may not regain the popularity it enjoyed in the early 1950's but some of these oil equities have stopped treading water.

Joseph Billig Opens

FLUSHING, N. Y.—Joseph Billig is engaging in a securities business from offices at 65-12 171st Street.

The Stock Market Now

By Leslie E. Fourton,* *Director, Investment Research Dept., Hayden, Stone & Co., New York City, Members New York Stock Exchange*

Wall Street analyst names some of the industries and issues he anticipates will demonstrate above average performance. Moreover, he indicates what investors should take into consideration with respect to the new Administration and to the economy's prospects. All in all, Mr. Fourton opines that the greatest opportunity for capital gains may exist at present.

Mounting evidence points to a recovery in most of the depressed areas of the economy sometime in mid-1961. However, with one-third, and perhaps the worst of the 1960-61 recessionary period yet to come, investors must take into account any possible moves by the new Federal Administration which may influence the economic environment and future corporate profits. The stock market's sharp pre-election rise and the continuation on the announcement of Mr. Kennedy's victory, appears to reflect a combination of snap judgment that the United States will experience a resumption of past inflationary trends and the contradictory belief that the closeness of the popular vote indicates no major changes in Federal policy. While there is little doubt that inflationary forces will again become stronger, there does not appear to be a strong enough basis for believing that the next President and a Democratic Administration, supported by a conglomerate coalition, needs an overwhelming mandate from the voters to allow any important changes from present policies. To disregard the possibility of change could result in costly errors in investment judgment.

Leslie E. Fourton

Mr. Kennedy is still deeply committed to policies which he believes will accelerate our economic growth. Furthermore, it is believed that he will institute decisive programs intended to take a direct hand in curtailing the cyclical swings of business activity. Although the new Administration may not adopt any policies of extreme liberalism, foreign and domestic problems will continue to exert heavy pressures toward creating solutions of the difficulties posed by our deficit balance of payments, the outflow of gold, interest rates, the corporate profit squeeze, the demands of labor and the Communist drive toward world economic domination.

Higher Price-Earnings Ratios?

Investors must carefully watch attempts to solve the dollar crisis and the conflict between the need to lower interest rates in the U. S. and the fact that Europeans must tend in the opposite direction in order to curb boom conditions. Also, we are faced again with the prospects of a deficit spending program designed to support accelerated defense spending, economic recovery and growth. The ground rules which have shaped investment policy during the past eight years are not likely to prevail intact over the next four. Perhaps, we should not ignore the possibility that the stock market may evaluate securities more in line with the price earnings multiples prevailing in past Democratic Administrations.

While some investors may prefer to adopt a "wait and see" attitude, the greatest opportunity for capital gains may exist at the present time in view of the fact that the state of the stock market in many areas represents an oversold condition. A long list of quality stocks are off from 30 to 100 points from their "bull" market highs while at the same time prospects for an economic recovery tends to be discounted many months ahead of time.

The most promising areas of investment opportunity at this time appear to be in those segments of the economy which encompass the defense effort and the shift of consumer preferences to soft goods and services. Among those industries for which we envisage above-average prospects are science, meat packing, petroleum, aircraft-missile, electronics, tobacco, motion pictures, retail trade and food.

Motion Pictures — This group appears to be outstanding in its ability to enjoy rising earnings; and, an improved investing rating appears in order. We continue to favor (Decca (38), United Artists (33), M-G-M (38) and Warner Brothers (51).

Petroleum — The rebound of earnings which began last year is likely to continue for the domestic companies; and, on the basis of low price earnings multiples or high yields, the following stocks offer above average investment opportunity. Richfield (87), Standard of Indiana (44), Phillips (53), Continental (54) and Cities Service (47). Since the stock market is only applying a price-earnings multiple of two times for foreign earnings of Gulf and four times for Standard of California, the unfavorable foreign oil picture appears grossly over-discounted in these two instances.

Aircraft-Missile — With prospects for increased defense expenditures this group should prosper to a greater degree. Best candidates appear to be Martin (59), Garrett (54), Boeing (35), Bendix (65) and North American Aviation (45).

Tobaccos — This group appears attractive due to the steady, year-to-year increases in earnings and high yields. We favor American (61), Reynolds (88) and Philip Morris (75).

Meat Packing — This group is enjoying improved earnings as a result of major strides in operating efficiency, diversification and population growth. The outlook for 1961 appears especially bright. Armour (36) is in the midst of a major chemical expansion program and chemical assets may exceed 50% of the total by 1962. Wilson & Co. (38) is helped by its very large sporting goods operation and Swift (46), the largest company in the industry, is showing outstanding progress. Morrell (34) is an attractive speculation.

Retail Trade—This industry is benefiting from the shift to increased expenditures by consumers for soft goods and upgraded purchases. Outstanding in the group are Korvette (30), Macy (44), Spiegel (41) and Majestic Specialties (23).

Food Producers—Earnings for the third quarter 1960 rose nearly 11% for this group and the rising standard of living and population growth make the companies in this industry outstanding investments. Favored are Campbell Soup (79), Consolidated Foods (38), Quaker Oats (59), Corn Products (75), Beatrice Foods (49) and National Dairy (59).

Science and Automation—The growing emphasis of the U. S. Government and industry on research and development, projected to rise to $15 billion in 1961, provides unusual opportunities for well-established companies in this field. For investment, we favor American Optical (53), Bausch & Lomb (40), Burroughs (28), Pitney-Bowes (36) and Fairchild Camera (160).

Electronics — This industry is also a direct beneficiary of research and development, defense spending and the growing emphasis on science and automation. While excesses will be corrected from time to time, this group still remains the number one candidate for growth. We continue to recommend Litton (85), Beckman Instruments (89), General Instrument (39) and Consolidated Electronics Industries (46).

Miscellaneous — Certain companies in various other industries also are enjoying strong growth trends. These include Helene Curtis (24), Cluett, Peabody (61), Colgate (31), Ronson (12), I. T. & T. (41), Haveg (73), Hercules Powder (82) and A. T. & T. (95).

*An address by Mr. Fourton before the Association of Customers' Brokers, New York City, Nov. 22, 1960.

Some Investment Favorites

By David Norr*, *Security Analyst, Burnham & Co., New York City. Members NYSE and American Stock Exchange.*

Customers brokers are presented with a succinct analysis of four different stock issues ranging from low price earnings ratios to the popular growth and service issues. Suggested are: Consolidated Cigar, Walter Heller, Peabody Coal, Jostens, and Mead Johnson.

The stocks I will discuss are of institutional stature, bought and held by fiduciaries. These issues either sell at quite reasonable multiples of present earnings or appear likely to increase their earning power next year and for some years to come. They are generally slow and steady; only one might advance very sharply in the next year.

David Norr

Consolidated Cigar will earn $3 per share this year. Profits have improved 50% in the last four years. The stock sells at 11 times earnings. The essence of the Consolidated Cigar story is this: The stock sells at a reasonable multiple of current earnings and at the same time provides for the possibility, a likely possibility, that earnings will be significantly higher, say 75% higher, in four year's time.

A few years ago homogenized tobacco was introduced in the cigar industry. Instead of a careful job of cutting patterns from tobacco leaves, the entire leaf including the stem was ground up using all of the raw material, without scrap. This process was used on the binder part of the cigar. Savings were substantial.

Now homogenized or blended tobacco may be tried on another part of the cigar, the wrapper. The problems are more difficult than in the binder—and savings are substantially greater. Not only will there be labor and raw material savings, but inventory needs and storage will be reduced. Indeed, there will probably be inventory profits for those companies on a lifo basis as they use up their stocks. I believe that this process will, if successful, add over $2 to earnings gradually in the next few years, although it will not be a factor in 1961. Meanwhile, at 11 times 1960 earnings, one pays no premium for the possibility of success of the new wrapper process. If successful, I anticipate both higher earnings as well as a better price earnings ratio.

Walter Heller, 52, sells at about 16 times its estimated earnings of about $3.20 per share this year, compared with earnings of $2.74 last year. This will be, I think, the 13th consecutive year of increased per share earnings. There are 100,000 shares registered for sale now, a 6% dilution.

The company is engaged in commercial finance, lending money to companies on the security of the accounts receivable. This field has been neglected by most banks, permitting the excellent growth of the industry to fall to companies such as Heller. Tight money or easy money, as long as businesses rise and fall, as long as small businesses exist, there is need for this function.

The financing side of the business is interesting, and is a bit comparable to a utility. Heller issues common stock above book value, and this in turn supports a variety of debt instruments perhaps 5-6 times as large. Dilution is only temporary, until the monies are employed; as a matter of fact, the raising of funds to meet the higher needs of the business is persistent.

Peabody Coal, 19, will earn about $1.25-$1.30 a share this year; about double the 1955 level. More than any other coal company, Peabody is tied to electric utility demand. The industry average is about 40% of output to electric utilities, whereas Peabody ships 70% to utilities.

A survey of the utilities in the area served by Peabody (roughly the Ohio, Mississippi and Missouri River Valleys) indicates a 40% to 55% step-up in coal usage in a few years.

Most of the output is sold under fixed price contracts with escalation and inflation clauses minimizing a cost squeeze.

Beyond the normal increases in usage anticipated by its existing customers, Peabody has new contracts serving Tampa Electric and the TVA, which will be particularly important in 1963-'64 and succeeding years.

Accordingly, in 1964 earnings should approximate $2 per share. The earnings multiple has advanced somewhat this year but is still capable of further increases as Peabody generates higher earnings year after year.

Now in a newer category of stock, more related to the service and cultural category, I will mention one over-the-counter issue selling at a high multiple.

Jostens, 40, earned $1.46 in the last fiscal year and will earn about $1.75 this year.

The company makes class rings for high school students. The population trend is highly favorable with an accelerating junior class population, especially in 1963 and subsequent years. Many schools are covered on a noncompetitive basis.

Ancillary lines have been developed, such as publishing of high school year books. Margins should be improved in the absence of recent acquisition and start-up costs.

The nature of the business lends itself to projections. A $3 per share figure, double recent results, appears reasonable for fiscal 1965.

Finally, there is one type of investment that always intrigues me. That is a situation where a company develops in a short time a very substantial earning power, usually based on a successful new product. Despite advancing prices for the stock, the price-earnings ratio remains unusually low as investors ignore the situation. Schering, Lukens, Lorillard and American Motors are historical examples of this. Today, I think **Mead Johnson** fits into this pattern.

Based on the success of Metrecal, earnings in the third quarter were $2.89 per share. Apparently, there has been no leveling off as yet in this quarter. Of course, in time there will be increased research, new products and a larger company. But right here and now, the stock appears undervalued in relation to the current rate of earnings. As a speculation on this level being maintained, or even increased, rather than dropping sharply, the shares have appeal.

These then are some of the ideas I would suggest for various accounts. Some ideas are more speculative than others — the choice varies from low price earnings ratios to the popular growth and service issues.

*A talk by Mr. Norr before the Association of Customers Brokers, New York City, Nov. 22, 1960.

Investment Opportunities in Today's Depressed Market

By Nicholas E. Crane, Security Analyst, Dean Witter & Co., New York City, Members New York Stock Exchange*

The shrewd buyer is advised not to be deceived by tax selling and the present market and economic conditions. Mr. Crane believes the current pessimism has been overdone, that stocks have seen their lows or are within 5% of the bottom, and that the stage for recovery is at hand. His appraisal of individual industries and issues takes in favorable factors at work in steel, auto, oil, aluminum, drugs, electronics and automation, and public utilities which warrant selective buying on the part of the value-conscious investor. Further, Mr. Crane refers to the underlying supporting factors of: buying pressures on the institutional buyer, increasing short position in the market, and the amount of discounting already reflected in market prices.

The over-all economic and stock market picture and general world conditions would not appear particularly bright at this time. Manufacturers' inventories are at high levels, steel operations are only slightly better than 50%, housing starts are down, automobile inventories are heavy. We see a decline in capital expenditures, excess capacity in a number of industries — aluminum, oil and chemical, to name a few. The squeeze on profit margins is all too evident in quarterly corporate reports. As if the above did not present enough problems, we are on the eve of a new national administration with added uncertainties to plague the businessman.


Nicholas E. Crane

In light of the above, it may be difficult to understand how anyone can be even reasonably optimistic on the outlook for the stock market. Admittedly, the recovery path of the stock market may not be smooth for all industries and the shares of some companies may face further deterioration.

I believe, however, that the current pessimism has been overdone, that many stocks have seen their lows and are now in a position to stage a recovery.

Let us look at the recent market position of some of our major industries.

Steel Industry

We might start with one of our major groups—the steel industry —operating at a rather dismal 50% of capacity. However, no less an authority than Mr. Blough, Chairman of U. S. Steel, estimates the "chew-up" of steel to be nearer a 65% to 70% rate of production. Inventories are currently estimated to be about 9 million tons —ironically enough, down about 3 million tons from the December, 1959 level when the bulk of the industry was on strike. At this rate of consumption to production there would not be a pound of inventory left in 6 months. This inventory trimming can go on just so far before even the present demand will result in shortages and a vigorous period of re-ordering.

What we may also be losing sight of is the remarkable operating performance of the steel industry under a distressing rate of operations. This industry, over the past 15 years, spent over $12 billion modernizing and improving plant and facilities. A billion dollars was spent in 1959 alone. In the face of sharply higher labor, materials and other costs, virtually the entire industry was in the black for the third quarter of 1960. It does not take much imagination to visualize what could happen to earnings with even a modest step-up in operating rates.

Since we are viewing the industry as investors, you will note that today's buyer of steel industry stocks purchases his shares at a considerable discount from prices seen earlier this year. The average price of the five major steel companies is down 33% from this year's high!—and at an even greater discount from last year's peak prices. One example, U. S. Steel, sold at $103 a share early in 1960 — recently it was quoted at $73¾. Certainly these prices have gone far toward adjusting to the unfavorable first nine months and give little consideration to a possible, and I would say probable, improvement in 1961 operating rates.

I believe even a modest pickup in steel demand would find inventories fading virtually overnight and a real scramble for steel could result which might well go for steel shares as well.

The Automobile Industry

I refuse to become pessimistic about the automobile industry. It is true that this industry has had a rather rocky past year. The advent of the compacts last year resulted in a much lower profit margin per car for the industry as a whole. Foreign competition, particularly in the small car field, hurt domestic 1959-1960 sales. The introduction of a line of compact cars by the major U. S. producers this year has already resulted in the sharp curtailment of sales of foreign cars in this country.

How will the majors fare in the year ahead? The industry anticipates a 6 million car year, of which approximately one and one-half million compacts will be built in the 1961 automobile year. Despite the general expectation that profit margins per car will be lower on the compacts, I am informed by the industry that there is a far more favorable spread on the compacts than existed a year ago when the initial models were turned out. As one example, I was told that Chrysler had a "crash" program on the Valiant for the 1960 model year. Since this was a crash program, they used far more expensive materials than would ordinarily be necessary. For instance, a higher gauge steel was used which meant additional weight throughout the car and a generally higher cost than would have been necessary on a more orderly planned production. I have also been informed, however, that the 1961 models cost $100 less per car to produce. Since more efficient production is general throughout the industry, this should result in improved earnings. Certainly we may reasonably expect Chrysler to report a much improved earnings picture this year.

The compacts should pay their way. There is a strong underlying factor to consider. It is estimated that there are 61½ million automobiles on the roads in the United States at the present time. If you give even a 10-year life to every car, you would have a replacement rate of over 6 million cars per year without consideration to new buyers coming into the market. Incidentally, I am not too concerned about the compacts dooming the larger models. There has been a definite trend to the 2-car family which has been brought about partly by the general move to suburbia, and the compact may fill the need of the second car. However, to a family with 3, 4 or 5 children—and we have more 5 - children families than any year since 1915 — the compact car may not be deemed practical. Thus, even the family inclined toward the compacts, and the compact price, may be restrained by the need for a larger car.

I would point out that the shares of the automobile companies have reflected to a great extent the problems experienced by this industry. Chrysler sold at a high $101½ only two years ago. The stock closed recently at 41. General Motors sold at 56 earlier this year and today is available to any willing buyers in the low 40's. Ford and American Motors have also experienced severe declines in their share prices.

The recent headline that General Motors will spend $1¼ billion on new plant and equipment in 1961 would indicate considerable confidence on the part of one of the shrewdest merchandising groups in the country. You will note GM chairman, Mr. Donner forecast a 7 million car year in the coming year.

The Oil Industry

Oil shares, which once represented the largest single dollar investment in many investment trust and trustee portfolios, have had a sad comedown marketwise in recent years.

The problems of the petroleum industry have been made all too evident, but the present improved price structure, earnings trend, the generous yields (4½ to 5½%), the low times earning multiples (9 to 13), and improved prices for refined products, have been largely ignored by today's investor.

The Texas railroad commission has limited oil production to eight days a month—other state conservation commissions have taken similar steps to limit production. Imports are to be on a more restricted basis.

For the first time in three years —since the Suez Crisis—crude oil is now in tight supply. Should we have even normally cold fall and winter months, excess supplies of refined products, including heating oils, may well disappear.

The five major international oils sell at an average of $45 a share vs. a high of only a year ago of $60½—a 25% decline in just one year.

Standard Oil of N. J., which sold at 68 only two years ago, and at 59 last year, is available at this writing at a full third lower at $40⅛ a share — the lowest price since 1955. On the basis of a $2.20 dividend rate, Jersey yields 5½% With earnings estimated at $3.00 for 1960, the dividend would appear quite secure.

Interestingly enough, virtually every major oil company has reported higher earnings for the nine months of 1960 vs. 1959. Texas, Standard Oil of Indiana, Standard of N. J., Tidewater, Socony, and Continental all made favorable comparisons with 1959. Continental Oil reported earnings at an all time record!

I believe we will see a reversal of the unfavorable price trend for oil shares as investors consider underlying values for this group.

Aluminum Industry

One of my favorite industries, but one that is in a position of over-supply at the moment, is the aluminum industry. This industry appears to be one of the most assured growth industries we have. I realize that electronics and other industries may show very sharp growth in the years ahead. However, there will be many casualties in these newer and more glamorous industries. I stress assured growth since there are only five companies in substantial production of this versatile, lightweight, non-corrosive metal and major new competition is unlikely for a number of reasons.

The potential use, per capita, of aluminum would appear to be far beyond the capacity of the industry to produce. The average auto today uses approximately 63 pounds of aluminum per car and could well go to 200 pounds per car. Only three years ago, this figure was about 36 pounds per car. The new compacts, many of which have aluminum blocks, average over 100 pounds per car. Those of you who have seen the new Rambler know that this car has an aluminum engine. The use of aluminum seems likely to increase sharply year by year on automobiles. It is interesting to note that a new Rolls Royce model now uses an aluminum engine. On a per capita figure, the use of aluminum consumption in the U. S. is 28 pounds per person. In Europe it is 8 pounds per capita. In India, with a population of over 400 million persons, the per capita consumption is less than one-half a pound. The generally rising standards of living abroad seem likely to increase the use of aluminum dramatically in the future.

Aluminum is slowly moving into a major market formerly dominated by tin plate — the can industry. Until fairly recently, the price differential was very much to the disadvantage of aluminum, but this has been overcome in some categories of can making. I might point out just one statistic —that the amount of tin plate used for the production of cans in the U. S. alone is well over 4 million tons, whereas the entire aluminum production of the West-

Continued on page 28

Striking Directly at Roots Of Oil Industry's Problems

By M. J. Rathbone, President of Standard Oil Co. (New Jersey); Chairman, Board of Directors, American Petroleum Institute*

The oil industry's future success will greatly depend upon its ability to blaze trails in the development of newer and larger markets for its products. This is the direction the industry must go, says Mr. Rathbone, if it is to seize the "most promising and important opportunity before the industry today." The chemical industrialist calls attention to the newest use for oil—in the metallurgical industry's blast furnaces; commends the API's campaign for stimulating the demand for oil, gasoline and motor oil; criticizes the coal industry's desire to use governmental help to thwart oil competition's effect; and argues the necessity for depletion tax allowance and the non-necessity of natural regulation. Mr. Rathbone believes a greater effort must be made if the industry's growth rate is to exceed 2½% in the next few years.

There probably has never been a time when oilmen have been doing as much talking on the same subject. In recent years we have had a flood of oratory on the problems of the oil industry and ways and means of meeting them. And I confess I've contributed my share of observations. The fact is, however, the talk has done some good. It has contributed to a wider and better understanding of the basic causes of our problems. Straightforward and candid recognition of the basic causes is, of course, only half the battle. But it is an important half, for without it we can waste a lot of time and money treating only the symptoms, instead of striking directly at the roots of our problems. I would not be fair if I did not acknowledge that we have made a start in the right direction—but so far it is only a start and much remains to be done.

M. J. Rathbone

We all know only too well the main causes of our situation. We have over the past few years increased all our facilities at a pace considerably faster than was justified by the rate of growth in demand. After the war we were fortunate to have the stimulus of conversion of home heating from coal to oil; and in the field of public transportation, the dieselization of railroads. There was also the remarkable expansion of automobile ownership. At least in the case of gasoline consumption and in the fueling of diesels we can expect a modest continuation of growth. But in the markets for home heating oil and industrial fuel oil, natural gas is making important inroads.

An average rate of growth in over-all demand for oil of 2½% per year is probably the best we can expect in the next few years. Indeed, if slack business continues into the middle of next year, as some economists predict, the 1961 gain will probably be less than 1%. The point to note, however, is that while this slowing rate of growth has been evident for some time we respond to it only belatedly and not enough.

Unrealized Projections

Much of the oil industry's recent investment has been made on the basis of market expectations which have not materialized. I have no doubt that in the longer period these expectations will be fulfilled and exceeded, but meanwhile we have a sizable preinvestment. There is abundance of evidence that we have not faced up to the supply/demand imbalance. Despite the fact it has been with us for three years we have continued to develop and use unwisely too much capacity in nearly all phases of the business. The incremental cost theory may be reasonable under conditions of rapidly growing demand and a small margin of spare capacity. But neither of these conditions prevails today. By following the incremental cost approach we have simply aggravated the downward price spiral.

On the refining and marketing phases of the business I have, as you know, expressed my views at midyear meetings of the API. As I pointed out to the refining division, while a great many changes and improvements have been made in the technical side of refining, practically no changes seem to have occurred in the way refiners look at the economic or business side of their operations. We were fortunate in having had a high rate of growth in demand during the immediate postwar years. Then there was the Korean War, the oil shutdown in Iran, and the closure of the Suez Canal. But now we're on our own. No abnormal factors are stimulating demand. Now it is absolutely vital that each of us think and operate as businessmen, examine our product patterns in the light of profits and act on the basis of realistic market expectations.

We have added to our difficulties by our marketing practices. Our present marketing system requires large investments. It is expensive. As in other phases of the business, we seem to have assumed that incremental volume is the key to adequate profits. We have tended to overbuild service stations in some areas. We have failed to recognize the relative inelasticity of demand for gasoline for the short term.

Compounding our operational and economic problems are those of a political nature. The burden of gasoline taxes continues to mount until now one-third of the price the consumer pays goes to state and Federal Governments. From time to time proposals are made for some kind of divorcement of various sectors in the industry. Federal controls on natural gas continue to burden us with an uneconomic and artificial price structure. The government has also taken a hand in our business by imposing import quotas and each Congressional session brings renewed attacks on the depletion allowance which has been such an important factor in the development of our mineral resources.

Inevitably, a frank discussion of important problems must leave a somewhat dark impression. But having faced up to difficulties we are in a better position to do something about them. And to this positive side of the picture I now turn.

No Need for More Capacity

First what of surplus capacity? On this point let us remember it is nothing new. We have had surpluses before, and we will in the future. And we should have them. Both in peace and war ours is a strategic industry concerned with developing a vital natural resource, and such an industry requires a reasonable degree of surplus capacity. True at present that degree has been exceeded, but it should not be beyond us, acting intelligently, to manage the existing surplus in a responsible and efficient manner. If we don't manage it, then, surely it will manage us.

One thing is clear—we do not need more capacity now. The times demand that we hold down the level of our capital spending and be more selective and realistic in our investments. It is encouraging to see that there is some evidence of a decline in the rate of spending in the domestic industry. For example, the rate of additions to domestic refining capacity has slowed down. A net of 81,000 b/d was added in 1959, and 70,000 in 1960, as against a postwar annual average of 325,000. But spare capacity for the next few years will still be of the same order of magnitude as the rate of 20% experienced in 1958. Surely in refining, as in other branches of the business, there is no realistic justification for returning to the high level of investment in new capacity which prevailed until the last year or so. If we want a path beaten to our door, we need a better mouse trap—not a bigger one.

There are other ways, too, in which we can help brighten our outlook. One of them is to improve, even more, the efficiency of our industry. Some of the improvements can be made in the way we operate and others can be made in the framework within which we conduct our operations. I think, for example, on this latter point, there are some things which need attention in the producing end of the business. Certainly, the system of state conservation developed in the United States has served the public well over many years by contributing to the orderly development of oil resources and by preventing waste. Without detracting in any way from past achievements, we must recognize, however, that changing conditions call for further improvements to strengthen the economic position of domestic producers. This will require the joint efforts of operators, technical experts, and administrators responsible for state regulation.

Perhaps the most important area for progress is in the spacing of new wells. For some years the industry has been concerned about the apparent decline in the average reserves developed by new wells. This trend combined with the rising cost of drilling has meant higher development costs per barrel and also higher lifting costs. In addition, the intensive development of reserves has caused productive capacity to increase faster than demand, with the result that the output of prorated wells has been curtailed progressively, thereby raising lifting costs per barrel very significantly.

These trends must be checked and reversed if our domestic producing industry is to be healthy. Fortunately, we know from experience with existing technology that in most cases we can drill development wells on wider spacing to recover more oil at lower costs. Methods of allocating production among wells will determine whether we take full advantage of this technology to improve our costs. State regulatory agencies have a key responsibility in this area. With constructive allocation formulas, operators will find it advantageous to develop reserves efficiently at low costs and at a rate in keeping with current needs. While progress toward wider spacing has been taking place for years, there is pressing need now for accelerating the rate of improvement sharply in order that the industry may soon see tangible progress toward better and healthier conditions.

New Allowables Policy Needed

Problems also exist in deciding on fair treatment in allocation of production between secondary recovery projects in old fields and wells in new fields. To favor one type of development at the expense of the other will not be in the best interests of the public or of producers. Secondary projects start with a competitive advantage in that they escape the heavy exploration expense involved in the search for new reserves. If they are also given an advantage in allocation of production, operators will find it more profitable to concentrate on secondary projects than to search for new oil and gas. The proper balance may be achieved by treatment of these two types of production so that both are economically attractive. This subject is already under study by some of the principal regulatory agencies. The decisions of these agencies will be watched with great interest by all operators as an indication of what course of action they should pursue.

State regulatory agencies are also faced with the problem of regulating total production in keeping with market demand. Fortunately, the principal producing states have effective laws on this subject. However, they do not and cannot exist in isolation and it seems clear to me that every state must develop an effective solution for regulating production to demand. Failure to do so will surely lead to waste, inequity, and chaotic conditions. New producing areas have a right to a place in the market, but they also have a responsibility for orderly and fair action relative to established production in order to avoid wasteful and inefficient developments in the domestic industry.

Other facets of our business also require thoughtful examination. Twenty-five years ago manufacturing was the major preoccupation of business management in almost every American industry. Demand seemed inexhaustible. The plant produced the product; it was up to the sales department to move it. Not that the customer was considered unimportant. But there was often a tendency to act as though he existed to serve the business by buying—not that the business existed to serve him. To serve him, that is by producing what he wants and selling it at convenient places and in convenient forms. The marketing concept, or if you will, the orientation of business to the customer and his needs, has brought about a major revolution in much of American business. It has not yet done so in adequate measure in the oil industry. There are, of course, reasons for this lag. While demand was strong and steady our main task was to find oil and bring it to the customer. And he was eager to buy in increasing volume. When these conditions obtained we had little incentive to blaze new marketing trails. It is, I think, high time for us to do so now.

New Product Use Essential

There are many actions we can take to help restore the vigor of the rate of growth in demand, I am confident that, if we really try, ways and means can be found to expand old uses and to find new applications for our products. In the area of brand new uses, important stride has just been made in developing the use of fuel oil or gas in blast furnaces in the metallurgical industry. The substantial efficiencies favoring oil or gas arise in part from the chemical reactions which they induce, as distinguished from the question of heat cost alone. The prospects for this new use are bright.

A most significant contribution to the broadening of the market for oil is being made by the energetic efforts of the API Marketing Division. As many of you know, they are carrying on an active campaign to stimulate demand for heating oil, gasoline, and motor oil. For the first time in the history of the API, its budget provides for substantial funds for research in expanding markets for oil. I refer specifically to the greatly expanded research about to be undertaken into ways of improving oil burner equipment.

Worthy of note, also, is the API's program for increasing the use of gasoline by stimulating automobile travel. It has been pointed out that if every car traveled another 100 miles a year gasoline consumption would be increased by 10 million barrels. Such a goal should not be out of reach if we draw upon the support not only of those in the oil industry but from all groups benefiting from passenger car travel. Finally, with regard to motor oil, the work of the API is also bearing fruit. The sound technical information on which API's oil drain recommendations are based has been presented to the automobile manufacturers and has met with an encouraging response. We all hope this will lead to a reversal in the downward trend of the sales ratio of motor oil to gasoline experienced in recent years.

The work of the API along these lines is important and will be more so in the future. For an industry our size, however, it is not nearly enough. The bulk of the work and effort to expand our market base should and must be done by the individual companies which make up the industry. Aggressive effort are required by each one of us if the challenge of this task is to met properly. We have research and development facilities and people second to none. Let's use them to develop newer and larget markets for oil products. It is, I think, the most promising and important opportunity before the industry today. I sincerely believe that the vigor and health of the oil business five or more years hence will depend in large measure on how well we respond to this opportunity.

The Political Aspects

And now let met turn to another area. Earlier I touched on some of the problems of the industry in the world of government and politics. There is, I think, evidence that we are making some progress in developing greater understanding of the industry in Washington. The work of the representatives of our associations and of individual companies is bearing fruit. But, clearly, this is an area in which the job will never be completed. The current against us is too strong to allow us the luxury of resting on our oars—even for a moment.

The action to be taken in respect of most of the specific political issues confronting us is only too evident. We must energetically seek to develop understanding of the necessity for the depletion provision in our tax laws. We must continue to hammer at what someone has aptly called "the highway robbery" of gasoline taxes. We must continue to press for natural gas legislation that takes account of the interest of all concerned. There is already a majority consensus for such legislation. The recent policy statement of the Federal Power Commission on gas rates is a significant one. The Commission certainly has taken a step that should, at least, tend to extricate it from the morass into which it has been plunged by having to regulate the rates of gas producers. However, even the element of somewhat greater cer-

tainty, of which the latest policy statement gives some promise, may prove to be illusory if the matter becomes involved in litigation. One thing seems clear to me. The action of the Federal Power Commission is, if anything, a demonstration that the gas producer should never have been subject to regulation. Far from feeling that we should take this development as a reason for not pressing for a satisfactory natural gas bill, I am convinced that it indicates we shoulld redouble our efforts.

More than ever, then, in this period of transition we must patiently and persistently ensure that our voice is heard on the issues which affect us. I believe that API must take a more active part by making its policy positions known promptly, so that no time is lost and we partcipate in the debate when it is most urgent to do so. And, I may add, to this end we are once again considering whether significant changes should be made in the terms of reference governing API's Washington representation.

Coal Conference Threat

Earlier I referred to the attacks on the oil and gas industry by the National Coal Policy Conference. Unwilling to face the risks and difficulties of those market forces which the majority of Americans believe are the creative secret of our system, the coal industry and its associates have capitulated; they have gone to government. They are now seeking to have the Federal Government resolve issues that the American economic system has rightly assigned to the market place.

Make no mistake about the nature of the threat. The aim of the Coal Conference is not to present a rational case. It is to scare their audience. They are using the serious issues of peace and war for their own interest, playing upon the concern of the American people about the state of our international relations.

Not least, they have sought to divide our industry, to put our differences on the front pages, to obstruct the reconciliation of our varied interests within our own ranks. Certainly, the free expression of divergent issues is a healthy part of the democratic process. The suggestion, however, that the oil industry is indifferent to the national welfare, whether in respect of security or economic strength, is plainly and emphatically contradicted by the record.

What must our response be? We have no other course than bluntly to identify the distortions contained in their statements. They ask for a National Fuels Policy. We already have one. It is based on the principle of competition. That has been the dynamic force in our economy. It seeks to provide freedom for the consumer to choose between competing fuels. And it rejects market allocation by government as a measure damaging to the interests of the nation. The fact is we are not in danger of running out of oil. Our reserves of recoverable oil stand at an all-time high. Isn't it therefore, somewhat surprising that the coal industry should be so concerned about a possible shortage of oil? Could it possibly be the National Coal Conference has other objectives in mind than the health of the oil industry.

In pushing its campaign, the Coal Conference has played a most astute political game. They have won the support of some segments of the oil industry by capitalizing on our differences. In an industry as large and varied as ours there are bound to be divergent viewpoints. But I am sure that the interests of the oil industry will better be served by reconciling these differences in face-to-face discussions. They will not be served by permitting others with special axes to grind to exploit our divergent viewpoints in public statements, in the halls of Congress and the offices of the Administration.

Don't Sell Oil Industry Short

I have tried to review as forthrightly as I can the things which I believe are the major causes of our present condition. I have tried to suggest with equal forthrightness some necessary courses of action. There are no grounds for pessimism or defeatism. We pride ourselves on our ingenuity and resourcefulness. In the past we have, by these qualities, mastered many difficult problems in war and peace. There is no doubt that these same qualities can be effective in dealing with the conditions we find in our industry today. The causes of our problems are clear. The remedies are equally clear. They are within the reach of the managements of every business in our industry. And I mean all units, regardless of size—large companies, small companies and independent operators alike. If we fail to use these remedies we will have no one to blame but ourselves. I hope that when we meet here a year from now, each of us will be certain that he has done his utmost to restore our industry to the state of health which the national interest, as well as our own self-interest, requires. If each of us comes back to Chicago with this certainty, I am sure the effects will be rewarding in every sense of the word. Let's not sell our industry short!

*An address by Mr. Rathbone before the 40th Annual Meeting of the American Petroleum Institute, Chicago, Ill., Nov. 16, 1960.

Electro-Science Financial Deal

Electro-Science Investors, Inc., Nov. 24 announced the acquisition of some 30% interest in Communications Industries, Inc., for a total commitment slightly in excess of $1,000,000.

The financing, announced by Joseph F. McKinney, BSI President, consists of equity, convertible debentures and senior notes.

ESI recently registered as one of the nation's largest Federally licensed small business investment companies, with assets in excess of $14,000,000.

Communications Industries, Inc., through subsidiaries is engaged in various phases of industrial radio communications including electronic manufacturing, automation, 2-way radio and microwave.

One CI subsidiary, Communications Engineering Co., provides sales and service of 2-way communications throughout an 18-state area. CEC is prominent in its industry.

President of Communications Industries, Inc., is Jerry S. Stover, who has also been serving as President of Communications Engineering Co. Stover indicated that the new funds would be used to broaden CI's activities in industrial communications through acquisitions and increased research and development.

Robt. Parish With Ira Haupt & Co.

SAN FRANCISCO, Calif.—Ira Haupt & Co. has announced that Robert L. Parish is now associated with their firm in the San Francisco office at 315 Montgomery Street. Mr. Parish was formerly manager of the Bond Department of Hooker & Fay, Incorporated for the last 4½ years.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

If the voters of the country do not intend to vote for Republicans they should at least give them social security. They render a public service by being Republicans and keeping the country on an even balance.

Just now there is a debate going on as to wether they would have done better in the recent elections by making a strict conservative campaign, instead of leaning to the left.

Arguments can be made on both sides. Senator Barry Goldwater, of Arizona, insists they would have won if they had not conducted a "me-too" campaign. Representative Hess retiring Republican Congressman from the Cincinnati district of Ohio, contends the same thing.

On the other hand, the liberal columnists cite the victories of Senator Case of New Jersey; Senator Sherman Cooper of Kentucky, and Senator Saltonstall of Massachusetts, in refutation of this. All three Senators won handily against the Kennedy tide. Perhaps the more spectacular of the three was the victory of Case and Saltonstall. They each won more than 300,000 votes, in spite of the fact that Kennedy was carrying their states, in the case of Massachusetts overwhelmingly. All three are "liberals."

Goldwater cites the number of states Nixon did carry, more than Kennedy. He carried the entire Farm Belt where the farmers were supposed to be in revolt against Ezra Benson's farm policies.

Benson is now claiming vindication and Nixon feels encouraged to run for a second time. Benson is through and if Nixon runs for a second time he would probably be beaten more decisively. Acute students figure that the reason Nixon made the race he did was because of the religious issue. It is reasoned that this figured largely in the vote of the farm belt, and it certainly did in the South. There were simply not enough bigots to throw the election to him.

Only one other President, defeated for his second term, has come back to be elected after an intervening term. That was Grover Cleveland. William Jennings Bryan was a three time candidate for the Democrats and Tom Dewey of New York, has been twice a candidate.

Anyway you want to look at it, Kennedy received no mandate to put across any radical program. But he considers he has. When the votes of Mississippi and about half of Alabama, and the votes of Georgia, are added to the vote against Kennedy, he will not have received a majority of the popular vote.

President-elect Kennedy's relative youth for assuming the heavy responsibilities of the Presidency is not only chronologically dramatized in his own age, but perhaps even more so by the fact that by and large, the Congress he will work with is much older than he. Indeed, the average age of members of Congress is 10 years greater than that of the next President of the United States.

Kennedy is 43½ years old. The average age of the members of the next Congress will be 53.6 years old. Indeed, the average United States Senator will be 57.5%, while the average Representative is 52.6.

As usual, the typical member of Congress will be a lawyer. In fact, more than half of the members of the House and the Senate will be lawyers. The next largest category in each chamber is banking and business—26% of the Senators and 26% of the Representatives having that background. Experience in farming and teaching come next, followed by journalism and medicine. At least four members are ministers.

That ought to make up a pretty conservative Congress. Let's hope that they stick to their professions and backgrounds.

It is probably true, looking at the men people elect to Congress, that a conservative party might be able to win. But the trouble is that so many of the conservatives are in the Democratic Party. And it is not likely that in your time and mine there will ever be a consolidation for national campaign purposes of the conservatives of each party.

Behrens to Be V.P. Of Goodkind Firm

Herbert R. Behrens will become a Vice-President of Goodkind, Neufeld, Jordon Co., Inc., 400 Park Avenue, New York City, members of the New York Stock Exchange, on Dec. 1. Mr. Behrens is an officer of Propp & Co., Inc.

Amy to Be V.-P. of Mohawk Valley

On Dec. 1 Joseph H. Amy, member of the New York Stock Exchange, will become a Vice-President of Mohawk Valley Investing Company of Utica, N. Y. Mr. Amy is a partner in R. L. Scheinman & Co.

Arthur Knapp, Jr. will retire from Mohawk Valley Investing Company on Nov. 30.

Ott Joins J. Barth

SAN DIEGO, Calif.—J. Barth & Co., 1122 Fourth Ave., announces that George Harold Ott, formerly of New York, has joined the firm as a registered representative.

For the past 10 years, Mr. Ott has been active as an industrial consultant with offices in New York City and Wilmington, Del., specializing in the merger and sale of corporations.

Outlook for Bituminous Coal Production in 1961

By George A. Lamb,* Manager Business Surveys, Consolidation Coal Company

Coal may be at the end of its market decline that started after World War II. Industry expert's breakdown of major consumption projections anticipates 1961 will be slightly better than the improvement scored in 1960. This, he finds, is more significant than generally interpreted in view of the fact that such a performance would be bucking the over-all business cycle trend.

Bituminous coal production improved in 1960 and it is expected to do slightly better in 1961. It probably will approximate 420 million tons this year, an increase of 8 million over 1959. In 1961, production may be 425 million tons, a small rise but one that appears optimistic in view of the predictions made by some for a slackening in business activity during the year ahead. A production of 425 million tons will depend upon industrial activity being as good relatively in 1961 as in 1960. This would mean that the Federal Reserve Board Index would have to increase at least 3% with comparable gains made in income levels to take care of trend growth. Present indexes indicate that business activity will reach these levels in the year ahead.

George A. Lamb

The estimate on bituminous coal production also reflects likely changes in consumer fuel patterns due to technological changes or for other reasons. This was done by reference to the projections on major coal consumer categories prepared by the National Coal Association, which likewise are based upon business conditions being relatively stable.

Projected Coal Consumption Patterns

According to this organization, the electric utility industry, the largest coal-using group, is figured to burn 185 million tons in 1961, an increase of 10 million tons. To do this, will require a rise of 7% in power generation with coal, oil, gas and hydro maintaining closely their 1960 proportions in supplying energy to the utilities. Moreover, an allowance is made for further efficiency in fuel utilization. The trend growth in power generation is something more than 7% annually.

Coke plants probably will use 83 million tons of metallurgical coal in 1961, a drop of one million tons. This will take a slight increase in steel output because the amount of coke required per ton of pig iron will be lower with a continuation of technological advancement. The coke rate fell 7% between 1957 and 1959 and continues to edge downward.

The two remaining categories, other industrials and retail trade, are given modest declines of 2 million tons each. Their rates of decline have hit a slower pace in recent years. Data available currently show that the other industrial group increased its coal use in the earlier part of this year and has failed to slump during the last few months as some thought it would. The 90 and 88 million ton markets estimated for 1960 and 1961, respectively, may be several million tons too low.

Lowering shipments to retail dealers by 2 million to 31 million tons allows for competition of oil and gas in the heating market. Part of coal's retail market, however, consists of fuel for steam plants of large buildings and small industries. The retail coal dealer has been more successful here than in sales to householders in defending against the invasion of oil and gas.

A recapitulation has total U. S. consumption amounting to 387 million tons in 1961, i.e., 5 million over 1960 and 17 million over 1959. It is a small change and perhaps over too short a period to be indicative of an upswing beginning to take place in coal consumption. On the other hand, it may be evidence that coal is at the end of a market decline that started after World War II.

Coal Exports

The last market component considered in estimating bituminous coal production concerns exports which are divided between Canadian and overseas destinations. Canada relies upon American coal to satisfy part of its energy load and has been an importer of this fuel since the last century. It will take 12 million tons in 1961, the same as in 1960 and 1959, about half as much as during the years immediately following World War II. Canada has been steadily shifting its fuel pattern by using greater volumes of oil and natural gas, a change brought about largely due to the development of its own resources. In spite of this growing competition, American coal hopes to retain its present rate of imports to Canada in the immediate years.

American coal exports to overseas points this year have been at a level somewhat higher than had been generally predicted. Weakness in the Western European market has been offset by increased demands in South America and Japan. As a result, overseas exports have been estimated at 26 million tons for 1960, or one million higher than 1959. In 1961, they have been projected as 24 million, a drop of 2 million tons to allow for further shrinkage in demand in Europe.

BITUMINOUS COAL MARKET
(Million tons)

	Actual 1959	Projected 1960	Projected 1961
U. S. Consumption—			
Electric Utilities	166	175	185
Coke Plants	79	84	83
Other Industrial	92	90	88
	337	349	356
Retail Deliveries	33	33	31
Total Industrial and Retail	370	382	387
Exports—			
Canada	12	12	12
Overseas	25	26	24
Total Exports	37	38	36
Consumption and Exports	407	420	423
Production	412	420	425

There has been significant shifts in the use of fuels in Europe. Coal is the principal source of energy but it has been losing ground to oil and natural gas. In Western Europe, coal represented 80% of the energy supply in 1950, but its proportion has dropped to around 60% presently. Oil in the meantime, has improved its participation in energy supply, going from 11 to 25%. Natural gas provides only 4% of the energy but it may grow substantially in the future if pipelines are extended as contemplated from the gas resources in North Africa and the Middle East to Western Europe. In Eastern Europe, the fuel structure likewise is changing, with abrupt shifts taking place in Russia. In 1950 Russia got 75% of its energy from coal and gets around 60% currently. Unlike Western Europe, however, it has oil and gas resources which it is rapidly developing as supply sources for growth in energy requirements. Coal output in Eastern Europe may rise in volume but it will lose relatively to oil and gas in energy supply.

Western Europe reached its peak in the volume of coal consumption in 1957 when it used approximately 650 million tons. Its mines provided 590 million tons, and imports supplied 60 million tons, as to which a total of 50 million tons was shipped from the United States. In 1959, Western Europe used 570 million tons, 80 million under 1957. It produced 555 million tons and imported 33 million tons, 20 million from the U. S. Thus, Western Europe was using less coal in 1959 than it produced two years earlier. Between 1957 and 1959, coal stocks at the pithead were increased over 50 million tons as mine operations failed to adjust to a declining market. Imports continued though at a lower rate, because of contract commitments and needs for specified kinds of coal. Stockpiles in Western Europe remain near peak levels although measures have been taken to relate supply to market requirements. Plans are underway to reduce coal operations and limitations are in effect on the importation of coal and other fuels.

American exporters are especially disappointed about events in the market of Western Europe because they can deliver coal to European ports at prices lower than the pithead prices in many European coal fields. They felt that this favorable price differential would keep shipments to Europe at a level substantially higher than it is. As it now stands, their outlook in this market center on supplying select grades of coal that provide few prospects for volume growth.

In summary, the addition of the consumption and export components give a total of 423 million tons in 1961, a firm base for the production estimate of 425 million in that year. There need be only a slight change in inventories to take care of the small difference between the two totals.

*An address by Mr. Lamb before the Seventh Pitt Conference on Business Prospects, sponsored by the University of Pittsburgh, Pa., Nov. 4, 1960.

Warner, Jennings To Admit Partner

PHILADELPHIA, Pa. — Warner, Jennings, Mandel & Longstreth, 121 South Broad Street, members of the New York and Philadelphia-Baltimore Stock Exchanges, on Dec. 1 will admit James A. Riley to partnership.

The Dollar and the Ruble

By Paul Einzig

The USSR's deceptive ruble devaluation explanation requires, one, a greater effort on our part to maintain dollar confidence and, two, fully informing the public in uncommitted nations about the Soviet deception. Besides calling attention to this, Dr. Einzig praises our recent moves to save the dollar flow and notes, however, the nullifying effect the U. S. Ford offer to buy out the British Ford completely will have on our drive to husband dollars. Dr. Einzig submits criticism should come from the American and not the British side.

LONDON, England — Although it is sheer coincidence that the announcement of the ruble's devaluation took place in the same week as the announcement of the new drive to strengthen the dollar, it is a coincidence that is not without significance. It seems that we have entered a new phase of the cold war, to be fought with golden bullets. While until now the predominance of the dollar was incontestable, it is now likely to be challenged by the ruble. Evidently the Soviet government intends to make a bid for increasing the prestige of the ruble, during a period when the dollar is liable to come from time to time under a cloud of doubts.

The announcement made in May, last, that from Jan. 1, 1961, a "heavy" ruble worth 10 existing rubles would be introduced, left the world in doubt about the true nature of the operation, because nothing was said about the new parities. That secret has now been revealed. The new ruble is to be worth 0.90 rubles per dollar, instead of the present exchange rate of four rubles, or an exchange rate of 0.40 rubles that would follow arithmetically from the 1:10 relationship between the new ruble and the old. This means that, simultaneously with the changeover, the ruble is devalued to rather less than half of its old dollar value.

May Deceive Uncommitted Countries

The Soviet authorities seek to conceal, however, the true character of the operation, and Communist propaganda has put forward the absurd claim that now the ruble is worth more than the dollar. To anyone familiar with such matters the absurdity of the claim may be clear. But the Russian public—and, what is worse, the public in uncommitted countries, might easily be deceived by the trickery of the Soviet devaluation arithmetic. On the face of it, the quotation of the ruble at a rate higher than that of the dollar might easily deceive many simple minds, especially if the dollar should at the same time come under a cloud.

The true character of the Soviet operation should be brought therefore to the attention of the public all over the world in no uncertain terms. But it is incomparably more important, in order that the West should win this cold war with golden bullets, that the dollar should not come under a cloud.

Praises Moves to Save the Dollar

From this point of view the first move of the U. S. Administration to cut external expenditure was a welcome event. It is impossible to make an omelette without breaking eggs, and the countries which have derived until now much benefit from American military spending abroad are understandably upset by the impending decline of this source of dollar earnings. But it is to be hoped that this Administration and the next will ignore complaints in this respect. It is all-important that the power and prestige of the dollar should be restored, and the sacrifices should be borne by everybody concerned.

It might be worthwhile for the United States authorities to consider every possibility of reducing the very high standard of living enjoyed by American troops stationed in foreign countries. Apart from saving dollars, the evidence of that high standard of living causes resentment, and a little austerity would increase their popularity in the countries where they are stationed.

It might even be advisable to consider the question whether the strategic advantages of the presence of these troops are in every instance sufficient to justify the continued expenditure of dollars on their upkeep, seeing that the saving of those dollars would increase the financial strength of the U. S. during a critical period. The answer depends, of course, on the particular circumstances of each case.

Ford's Stock Purchase Offer

While the U. S. authorities are making a praiseworthy effort to save hundreds of millions of dollars at present spent overseas, U. S. private enterprise seems to be doing its best to nullify the effect of these efforts. The offer for the acquisition of the privately held stocks of the British Ford Co., involving as it does the payment of some $363 million, can hardly be regarded as a welcome event from the point of view of maintaining the strength of the dollar. Strangely enough, all the opposition to the deal has come from British quarters and none from American quarters.

While the British government itself welcomed this opportunity of increasing the gold and dollar reserve, the offer encountered much criticism in political circles. Most of this criticism is anything but intelligent. The U. S. Ford interests have been accused of intending to victimize their British subsidiary by diverting work to the U. S. or even to the German subsidiary. But this implies an entirely undeserved compliment. Can anyone seriously imagine that hard-headed American businessmen, in their kindness of hearts, intend to protect British shareholders from the losses they would suffer through a diversion of work from Dagenham to Detroit — if such diversion were intended — by offering to buy them out at a price that includes a capital bonus of some 50%?

If the offer is open to criticism it is from the American and not from the British side. Is it really necessary to engage in such a large capital export, seeing that a 55% holding already secures absolute control? And is this the time to do it? In the interests of the dollar position, it would be well to discourage similar transactions at the present time.

R. L. Scheinman Co. To Admit Dahl

R. L. Scheinman & Co., 120 Broadway, New York City, members of the New York Stock Exchange on Dec. 1 will admit Warren L. Dahl, member of the Exchange to partnership.

Braun, Bosworth Adds

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio — James E. Arbaugh has been added to the staff of Braun, Bosworth & Co., Incorporated, Toledo Trust Bldg.

Corporate Income Tax and The Return on Investment

By Don M. Soule, Assistant Professor of Economics, Bureau of Business Research, University of Kentucky

Do stockholders bear the burden of the corporate income tax? This and other questions are raised by University economist in pursuing the incidence and effect of the corporate income tax. His conclusion indicts the corporate income tax for placing an excessive burden on those firms heavily dependent upon retained earnings for investment purposes; and he finds a large part of the burden is on consumers rather than stockholders.

Considerable doubt still exists concerning the incidence of (i.e., who bears the final burden; whose net income ultimately is reduced by) the Federal corporate net income tax. This tax, currently at 52%, is justified mainly as a crude means of taxing that part of stockholders' income which escapes personal income tax because of its retention in the corporation. This justification assumes that stockholders bear the burden of the corporate tax, and this assumption has generally been supported by economic analysis. In recent years, however, these views have come increasingly under attack.

Don M. Soule

Successful businessmen have generally expressed the opinion that the corporate income tax ultimately is paid, and indeed must be paid, by someone other than corporate investors. Two main reasons are offered. First, income tax is a long run cost of doing business because earnings absorbed by income tax cannot reward investors. Second, maintaining or increasing the level of investment requires that investors continue to receive earnings (after tax) which make investing appear more attractive than such alternatives as consuming or hoarding. The economic process in an enterprise type of economy is designed to produce adjustments in demand and supply so that cost of doing business (including taxes) is exceeded by sales revenue for the majority of firms over the long run.

In support of this opinion, recent empirical studies of corporate earnings tend to show that the average (after tax) rate of return on investment for all profitable manufacturing corporations in the United States generally was preserved over the last 25-30 years although tax rates increased significantly during that time. If, as is suggested, the tax burden is shifted to others and does not actually reduce the after-tax rate of return on corporate investment, not only would the rationale of the corporate income tax be invalidated but some conclusions of traditional economic analysis would be contradicted.

The purpose of this paper is to attempt an explanation of several processes of adjustment whereby the after-tax rate of return on investment could be maintained in the face of rising income tax rates. That is, the analysis is intended as an explanation of how the corporate income tax has been shifted by profitable corporations over the last quarter century. It will be argued that part of the tax burden has been redistributed within the business sector of the economy in the form of changes in relative earnings resulting from differences in ability to finance change and growth when a major source of funds, retained earnings, is reduced by tax. Not only has the distribution of tax burden among profitable corporations been changed, but some of the tax burden has been shifted from profitable corporations, in the aggregate, to unprofitable business firms in the form of reduced earnings and losses. Another part of the tax burden has been shifted to consumers in the form of a greater difference between sales revenue and cost (excluding taxes), resulting partly from higher prices and partly from cost reductions which, in the absence of the tax, would have been passed on to consumers in lower prices.

The Traditional Analysis of Shifting

The traditional view that a tax on corporate profits generally cannot be shifted in either the short or long run rests mainly on the apparent lack of opportunities for shifting. The analysis typically assumes that price and output already are adjusted to maximize profits. Because a tax on profits affects neither the demand nor supply conditions facing firms, no changes in price or output seem justified. It is recognized that the after-tax earnings on investment are reduced and that an incentive is created for the migration of investment funds to escape tax. If this took place, the consequent reduction in output could lead to higher prices and restoration of the rate of return for investment funds which do not migrate.

But shifting by this process is thought unlikely for the corporate income tax. First, there are virtually no untaxed alternative uses of investment funds so long as they are invested. State and local government bonds are limited in amount, and earnings from unincorporated businesses, mortgages, etc., are subject to the personal income tax. Second, the effects of a reduction in investment (i.e., by hoarding or consuming instead of investing) would more likely reduce prices and profits than increase them because investment is a major determinant of the level of national income and employment. And if the level of income and employment were restored by government fiscal and monetary action, the resulting changes in income distribution and rates of return on investment would be too general to be attributed directly to the corporate income tax.

Thus, the conclusion most often reached by traditional analysis is that a general tax levied mainly on economic profit cannot be shifted to any great extent because (1) it affects neither cost nor demand, (2) there are few effective ways for profitable investment to avoid paying tax, and (3) diversion of funds from investment to consumption would cause economic changes too general to be included in the usual definition of shifting. It is customarily concluded, therefore, that most of the corporate income tax must be paid out of a reduction in excessive profits, if any exist, or a reduction in the normal rate of return on investment allowed by a reduction in the opportunity cost of investment funds.

The apparently watertight logic of the traditional analysis is difficult to refute by direct attack. But an alternative plan of attack is suggested by the empirical studies referred to above. Instead of beginning with certain assumed conditions, introducing a tax, and then reasoning to a conclusion as in the traditional analysis, we might work backwards from a reasonably expected conclusion to determine how and why these end conditions might result. That is, an inductive approach, beginning with a hypothesis based on empirical evidence and proceeding through analysis to a theoretical explanation, might be substituted for the deductive approach of the traditional analysis.

The most plausible hypothesis, supported both by empirical evidence and economic theory, is that some positive rate of return (net of tax) on investment, on the average and over the long run, is a necessary cost to society of maintaining, improving and increasing its productive facilities. Levying a tax on corporate net income drives a wedge, so to speak, between sales revenue and conventional long-run cost, which requires that sales revenue be increased or cost of production reduced if after-tax earnings are to be restored. The process of adjustment by which a favorable relationship between cost and sales revenue might be maintained will be analyzed in two parts. The first will consider differences between business firms in ability to adjust cost and sales revenue over the long run. The second will be concerned with all profitable corporations, in the aggregate.

Economic Change and Redistribution of Tax Burden

Degrees of business success (measured in terms of staying in business and earning adequate profits) differ widely among business firms and for a variety of reasons. But a major reason surely must be the differences in ability to make adjustments in such basic determinants of profit and loss as number of customers (influenced by price, advertising and selling effort, quality of product, etc.) and number of units of product per dollar of cost (influenced by type and quality of productive facilities, efficiency of productive methods, etc.). The corporate income tax does not remove the basis for these differences in ability to achieve business success. Indeed, the corporate income tax may accentuate these differences because of its effect on sources of investment funds used for growth and change.

Ability to grow and change is affected by the corporate income tax because of the common practice of relying heavily on retained earnings for corporate expansion. The corporate income tax has a much greater effect on retained earnings than on dividends and therefore appears to be a direct tax on a chief source of growth funds. Retained earnings seem to be the preferred source of growth funds for larger corporations, with resort being made to external equity sources mainly when retained earnings are inadequate to finance the desired rate of expansion. This tendency is generally thought to be more pronounced in the case of small- and medium-sized corporations which have greater difficulty in finding other sources of growth funds because they lack established credit ratings and earnings records.

The corporate income tax need not limit growth and change for corporations with good earning records and credit ratings and the ability to sell stocks and bonds to the general public or borrow from banks. It has a crippling effect, however, on those corporations which must rely mainly on retained earnings for new investment funds. For these reasons, a corporate income tax which tends to be paid mainly out of retained earnings appears to have a differential effect on ability to finance growth and change. This differential effect results from differences in ability to finance growth and change from external sources of funds when retained earnings are reduced by tax.

New investment funds would not be needed in a static economy with no change in either the amount of composition of total output. But in a dynamic economy there are almost continual changes in the amounts, types, qualities, and prices of products, the types and qualities of productive facilities and techniques, and the amounts and methods of advertising, sales promotion, etc. From the individual corporation's point of view, it must make similar changes if it would maintain its share of an expanding and changing market and continue to earn an adequate rate of return on investment. But most of these changes require increases in investment, and the corporate income tax reduces (initially) a major source of growth funds. For the corporation which lacks access to external investment funds, the corporate income tax severally limits its ability to make those adjustments which are a practical necessity from the point of view of long-run profitability. The corporate income tax accentuates already-existing differences in ability to obtain investment funds.

It is possible to conclude from the above analysis that the burden of the corporate income tax has been redistributed within the business sector of the economy over the long run because of differences in ability to obtain investment funds and therefore to adjust to changing market conditions. Part of the tax burden has been shifted from all profitable corporations, in the aggregate, to those corporations (and, to some extent, other business firms) which suffered losses. This type of shifting partly explains the fairly constant rate of return (after tax) on investment for all profitable manufacturing corporations over the long run. Redistribution of tax burden within the large group of corporations which continued to earn profits and pay tax over the long run would not be indicated by empirical studies of earnings of all profitable corporations.

It must be admitted that differences in such abilities would exist even in the absence of a tax on corporate net income and that some changes in market shares, rates of return, etc., would occur over the long run because of such differences. But the corporate income tax is a separate factor, independent of and in addition to those already-existing factors,

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BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

THE HOME INSURANCE COMPANY, NEW YORK

Directors of both Home Insurance and New Amsterdam Casualty have agreed to submit their merger plan to their respective stockholders. The unconfirmed report referred to in this column of Nov. 10, that *The Home Insurance Company* may be considering an offer for control of *New Amsterdam Casualty Company* is now a reality. Thus the management of New Amsterdam has "substituted" The Home Insurance Co. for Fidelity and Deposit Insurance Co. as its favored party to absorb New Amsterdam in its attempt to block the earlier proposal by *Security Insurance Company of New Haven* to acquire New Amsterdam.

The hearing on the Security-New Haven proposal before the Insurance Commissioner of Connecticut, twice postponed at the request of New Amsterdam management, is scheduled for Dec. 5. Therefore, a lively competition for control of New Amsterdam may arise between Home and Security-New Haven should the insurance authorities in Connecticut and New York honor the desire of both parties to submit their offers by mail to New Amsterdam stockholders for an objective choice. Briefly, Security-New Haven's proposal is the exchange of 1¼ shares for 1 share of New Amsterdam. The Home proposes to exchange one share of its stock for each of the 500,000 shares of New Amsterdam, after a 10% stock dividend to Home's own shareholders (conditioned on consummation of the merger). Recent bid prices for Security-New Haven, New Amsterdam and The Home are 57, 54½, and 59⅛, respectively.

The Home Insurance offer apparently is more direct than was its last acquisition in 1957, that of Peoples Life Insurance Co. of Frankfort, Indiana, when the control of Peoples Life reportedly changed hands among four different parties in a matter of months! Control changed from a voting trust to Life Companies, Inc. (a holding company for insurance stocks controlled by the Murchison family interest of Dallas, Texas), then to preferred stockholders of the latter, before purchase rights in Peoples' stock were bought by Home Insurance. Nonetheless, this life acquisition moved Home into an "all lines" position in the insurance field. This industry development recently has been making strong headway toward providing a complete insurance package, a convenience to buyers of insurance. The life affiliate has since been renamed The Peoples-Home Life Insurance Company of Indiana, and the original six states coverage now has been extended to 47 states. At the end of 1959 life assets were $39.2 million while insurance in force amounted to $155.6 million.

Although the industry position among stock companies held by Home Insurance has slipped from fifth largest in 1959 to tenth in size by the end of 1959, this more than a century old underwriter still remains one of the largest fire insurance carriers. Casualty lines, written mainly by the wholly-owned affiliate, The Home Indemnity Co., account for approximately 20% of consolidated net premiums written. Business is conducted nationwide in the United States and Canada and, through membership in the American Foreign Insurance Association, Home participates in overseas business. Leading states for premium writings include New York, Pennsylvania, Illinois, Ohio and New Jersey. The company's agent organization exceeds 40,000 in number.

Selected Statistics — Growth and Underwriting Control

Year—	—Net Premiums— Written*	Earned*	Admitted Assets*	Loss Ratio¶	Expense Ratio§	Profit Margins
1960†	$201.0	$187.3	‡$606.0	62.0%	38.2%	—0.2%
1959	243.5	233.2	608.4	57.5	40.2	2.3
1958	230.6	230.1	576.1	60.3	41.7	—2.0
1957	231.3	229.2	504.0	63.9	42.4	—6.3
1956	237.6	229.1	530.6	64.3	41.9	—6.2
1955	228.1	221.4	525.0	56.9	41.6	1.5

*In millions of $. †9 months, 1960. ‡June 30, 1960. ¶Losses incurred to premiums earned. §Expenses incurred to premiums written.

Thus far in 1960 premiums written show a healthy rise, from $182.8 million to $201 million for periods ending Sept. 30. Earnings for the nine months declined slightly, from $2.97 to $2.90, probably limited by losses from Hurricane Donna, since underwriting profits became marginal. The management of Home has been carrying out efficiency steps for improvement of internal operations; progress can be noted from the improved trend of the Expense Ratio. Automated procedures have been installed, budgeting has been strengthened and operational expenses have come under more centralized direction. Home's premium payment facility, the Thico Plan, and the development of improved coverages and merchandising techniques enhance its competitive position. With continued conscientious effort, the adopted corrective measures probably will lead to more profitable underwriting operations.

Per Share Statistics

Year—	Approx. Bid Price Range	Investment Income	Earnings	Dividend	Approximate Book Value
1960*	62 - 49	$3.12	$2.90	$2.20	$88.42
1959	57 - 46	3.91	4.82	2.00	90.27
1958	49 - 36	3.69	2.04	2.00	86.07
1957	45 - 30	3.68	0.00	2.00	77.38
1956	50 - 39	3.54	—0.14	2.00	77.02
1955	56 - 44	3.34	3.28	2.00	80.03
1949	36 - 27	2.37	5.77	1.35	44.66

*9 months, Sept. 30.

The company's investment portfolio can be considered well balanced with common stocks representing some 44% and bonds amounting to 38% of admitted assets at the end of 1959. Investment income alone should exceed $4.00 a share for 1960. At the recent mean price of 61, a yield of 3.6% is obtained on the $2.20 annual dividend rate. Presently 4,010,610 common shares are outstanding. The resources of Home allow for considerable expansion of premium volume.

Both Home Insurance and Security-New Haven are weighted more heavily on property underwriting lines, thus either will obtain a better diversification of business from an acquisition of New Amsterdam Casualty since the latter's casualty lines exceed 80% of net premiums written.

Sheldon Securities Corp.

Sheldon Securities Corp. is conducting a securities business from offices at 1764 Walton Avenue, New York City. Sheldon D. Horowitz is a principal of the firm.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Valentine S. Kaskoscak has joined the staff of Merrill Lynch, Pierce, Fenner & Smith Incorporated, American Building.

THE SECURITY I LIKE BEST...

Continued from page 2

vestment in high speed computer equipment. A number of clients also use CEIR's computers for data processing for an extended period of time, during which they develop a work load which is later transferred to their own computers. Even an industrial giant must do considerable soul searching before it can convince itself that sufficient work exists to justify full-time multi-shift use of some of the larger computers that are currently available.

As a practical matter, the Union Carbide Corporation had just this in mind when it contracted with CEIR earlier this year to divide equally all running time on the IBM 7090 installed just last month in CEIR's New York center in the Union Carbide Building. This is why, whether the client be large or small, CEIR has a tremendous role to play in the future. Companies that must have access to a next generation computer for economy's sake, yet cannot afford the luxury of keeping one, will find it most economical to make some arrangement with a computer services firm for the high-speed machine time needed.

CEIR has recently contracted with IBM for delivery late in 1962 of a STRETCH Computer, a giant valued at $12,500,000 and producing speeds about 15 times faster than the 7090! Few, if any, commercial companies have need for such a complex to solve just their own problems. To me, it is significant that IBM has entrusted its very first STRETCH installation to CEIR, for it reveals a high degree of faith and trust in this small company. By the same token I was impressed to learn that, almost a year ago, RCA selected CEIR to assist in programming the RCA 501 Computer for presentation over the NBC networks on election evening. This marked RCA's formal debut into the large-scale data processing field, and the selection of CEIR as a partner obviously was not a hasty one.

The marked superiority of the RCA-CEIR team on election night over its competition shows a fundamental fact — that good mathematicians, machine programmers and electronic computers are not themselves enough to assure success. The CEIR ingredients of painstaking data research, thoroughly practical analytical techniques, and sophisticated machine programs, were also key requirements to obtain a reliable end product. This should prove an object lesson to all who use electronic computers for operational applications, and presages a growing demand for CEIR's varied professional skills as its prowess becomes more widely recognized.

But what of competition? Surely a field growing as rapidly as indicated earlier will bring many newcomers onto the scene. First let us note that competition has been in existence some time from giants such as IBM, General Electric, RCA and Sperry-Rand. This competition is, however, somewhat restrained. One reason is that these companies are primarily producers of data processing equipment and only incidentally concerned with the servicing function. Consequently, it is very much to their advantage to have a rapidly expanding, prosperous CEIR as a customer for their new machines.

CEIR's management team is headed up by dynamic 47-year-old Dr. Herbert W. Robinson, Chairman of the Board and President for the past six years. His background is well-tailored for the job, consisting of a doctorate in mathematical statistics, another doctorate in economics, plus two decades of experience with the British and United States Governments, UNRRA, and the World Bank. Vice-Presidents Brown, Eaton, Engleman, Mood, Moshman, Orchard-Hays, Reimers, Vineburgh, and Walsh constitute a team of internationally recognized authorities in the application of the most modern techniques of mathematical statistics, data processing, linear programming and computer technology. Their average age is 44.

At this writing the corporation's books have not been closed for the year ended Sept. 30, 1960, but it is expected that sales for the year will exceed $5,400,000. Earnings were depressed in the first six months of the fiscal year due to unusually high charges for recruitment, training, and other expenses in connection with the company's heavy expansion program. It should be emphasized, however, that these charges occurred in the *first half* of the current fiscal year, and that operations since March appear to have been highly satisfactory. Moreover, due to the long lead time, the added capacity financed in the last fiscal year is only now beginning to become operative and should produce greatly expanded revenue.

Fiscal Year Ended 9/30	Sales	Profits Per Share
1960	*$5,400,000	---
1959	2,675,000	$0.20
1958	1,374,000	0.13
1957	940,000	0.07

*Estimated.

I believe that this company is growing at such a rapid rate that sales of $8-$10 million for the current fiscal year are to be expected. With an increasing emphasis on non-governmental work, where margins are larger, I project 1961 profits of $400,000 or better, with a target of $1,000,000, or about $1.50 per share, in 1962. Buyers of the stock should proceed cautiously since only about 120,000 shares are in the hands of the public, and the market is generally very thin.

This security should be recommended for purchase primarily by individuals, and should be classified as a speculative situation displaying dynamic growth potential. It is rapidly gaining in stature, however, as witnessed by the fact that during the past two months, three of the larger, well known Mutual Funds acquired 25,000 shares, or 5% of the company's outstanding stock, through a private placement.

Although stock is unlisted, a market (Over-the-Counter) is maintained by about a half dozen houses in New York, Baltimore, and Washington, D. C. It is currently quoted at a price of 33-36.

Amacorp Debs. And Common Sold

McDonnell & Co. Inc. and associates offering publicly on Nov. 21 an issue of $1,000,000 of Amacorp Industrial Leasing Co., Inc. 6¼% convertible subordinated debentures, series A, due 1970, at 100%, and 40,000 shares of common stock at $6.25 per share. Prior to this offering, there was no market for the company's common stock.

The debentures are convertible at any time on or before Dec. 1, 1970 into common stock at the conversion rate of 145 shares of common stock for each $1,000 of debentures, subject to adjustment under certain conditions. They are entitled to the benefits of an annual sinking fund commencing Dec. 1, 1963, sufficient to retire 87.5% of the issue prior to maturity and are redeemable for the sinking fund at par. They are also redeemable at the option of the company at optional redemption prices ranging from 106% for those redeemed prior to Dec. 1, 1961 to 100% for those redeemed on or after Dec. 1, 1969.

Proceeds from the sale of the new convertible subordinated debentures and from a concurrent sale of 40,000 shares of new common stock will be used for working capital purposes, including the purchasing and carrying of leased equipment and the maintenance of compensating balances with the banks which finance the company's leasing activities.

The business of the company is basically the financing of industrial and office equipment and other property required by the company's customers through the leasing of such equipment and property to these customers. The major classes of equipment which the company leases are office and business machines and machine tools and other types of machinery.

For the year ended June 30, 1960, total income of the company amounted to $697,125 and net income to $102,489 compared with $376,227 and $44,152, respectively, for the previous year.

The capital structure of the company at Sept. 2, 1960, as adjusted to give effect to the issuance of the new debentures and the new common stock was: $200,058 in promissory notes; $1,290,000 in convertible subordinated debentures; and 441,600 shares of common stock.

Eppler, Guerin Branch

ODESSA, Texas—Eppler, Guerin & Turner, Inc. have opened a branch office in the Headlee Building under the management of Ray C. Ives.

First of Michigan Officer

DETROIT, Mich.—J. Kirk Hopper has been elected an Assistant Vice-President of First of Michigan Corporation, Buhl Building, members of the Detroit and Midwest Stock Exchanges.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Narrow price moves and general indecision were served up as pre-holiday fare by the stock market this week. While the buying was timid, there wasn't much urgent selling to be absorbed so the general list fluttered downhill reluctantly.

To the generally dreary profit reports was added a liberal sprinkling of dour dividend action, neither giving the market much excuse for better action. More and more of the market students are growing noncommittal about the market until there is some change in the business news.

How Much Tax Selling?

The big unknown this year is how much tax selling is still to be absorbed and how much it will blunt the traditional year-end rally. There have been occasions in recent years when the market had to absorb much year-end selling that kept the rally confined pretty much to the period between the Christmas and New Years holidays. And through a quirk of the calendar, that period is a scant four sessions this year since the Christmas observance will carry over through Monday, Dec. 26.

So that leaves the seasonal rally, which is one of the more regular of such phenomena, in something of a cloud. And it makes the market's immediate future that much more hazy.

Some Bright Earnings Spots

There were a few bright earnings reports that helped individual issues, notably Wm. Wrigley which has been one of the more mundane of the old-time blue chips. It has held all year in a range of only a shade over seven points, its low each year about the same price for three years running.

Like other chewing gum makers, Wrigley has been in a profit pinch for four years. However, a price boost early this year, and the first seen in the industry in many years, seems to have reversed the trend since its third quarter results came to $1.58 against $1.39 last year in the same period. It was, in fact, the company's best quarterly showing in five years. Its $4.50 dividend provided a yield of nearly 5½% at recent prices, an above average return by far for a well-known name with an extremely strong financial position.

Another long-dormant item that showed some stirring was International Harvester, presumably because a change of administration might bring new programs to improve the income of farmers. Unfavorable weather last spring hampered farm equipment sales and the profit for its fiscal year that ended Oct. 31 are expected to reflect this. But a rebound in the current fiscal year is expected generally and its dividend offers another above-average yield of more than 5½%.

Refuge in Food Shares

Food shares were both in favor as the shelter items when the general market picture is clouded, and as items that will continue to prosper despite the new ideas that might emerge from a new administration next year. Adding some interest to this group was the planned merger of Campbell Soup and Pepperidge Farms, the privately held firm that opens up a quality market to Campbell. The Campbell shares, after a rather languid market life, recently have been selling at about their best price since they were first made available to the public in 1954.

The food shares generally aren't noted either for market gyrations or high yields. They offer mostly slow but steady growth since food expenditures each year are up over the year before, a pattern that has persisted for a decade. General Mills and National Biscuit with returns running around 4% are the above-average items for yield. Pillsbury and California Packing are the statistically "cheap" items since they are selling at less than 12 times estimated earnings for this year. The fast growing one is Consolidated Foods which, under the dynamic leadership of Nathan C. Cummings, shows a compounded annual rate of growth of more than 13% for the last four years.

Fastest-Growing Company

Consolidated once was merely a wholesaler but today is highly diversified and wholesaling is down to less than a third of sales. Its most recent outside acquisition was Chas. Hires of the soft drink field. In the past four years its earnings have jumped from an adjusted 91 cents a share to $2.15 on sales that have nearly doubled. The return on Consolidated Foods at recent prices was about average at 3.2%.

Beech-Nut Life Savers, like Wrigley, was hobbled by the static price of chewing gum plus the headaches of digesting the merger between Beech-Nut Packing and Life Savers in 1956 that set up the present company. Since the company has adjusted its troubles, brought costs under control and has ambitious plans for expansion which included a plant in Germany, which is its first move into the European markets. Its profit reports are among the more pleasant ones in the current welter, an increase of 8% shown for the nine months of the year. It offers a comfortable return of around 3¾% at recent price levels for an issue that has been far from spectacular marketwise and has carved out a range this year of only around 16 points.

Confidence in the Utilities

Utilities already have shown their defensive ability by bucking most of this year's sagging markets. They have been buoyant again lately in sick markets because they, too, would seem to be immune from any drastic innovations made by a new administration in Washington. They are also the above-average items when it comes to yield.

Like many of the returns available in the utility lineup, Consolidated Natural Gas offers around 4½% and slow but steady growth. Its dividend, raised last February, has been boosted each year for half a dozen years. The shares have moved over the narrow arc of around seven points this year and, not entirely immune to sagging general markets, have been available recently at some nine points under last year's high.

The natural gas systems are relatively new and companies in the field, consequently, have been faced with large expansion costs. Consolidated Natural's financing last year consisted of a rights offering to holders, which gave the per share earnings a mild dip due to the dilution. Rate increases have been slow to arrive, too, but its profit showing compares favorably with others in the field. Its common stock and surplus stand at nearly 59% of total capitalization, which is a high figure in the industry and puts it in excellent position to finance its future expansion through debt securities. With earnings on the upgrade as the result of rate adjustments, the common stock is in a good position to reflect the company's continued growth which, as far as operating revenues are concerned, has been an uninterrupted upward spiral for a decade without a break.

A "Transition" Stock

The company in a transition period is Nautec Corp., formerly Motor Products. The former auto parts firm is now a maker of truck and tractor parts, parking meters and fiberglass boats and is seeking other acquisitions so what it will end up as is not certain. It was able to hold earnings steady despite more shares outstanding this year than a year ago, and offers a 5% yield as the ultimate nature of its final corporate form slowly unfolds.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Record Attendance For I.B.A. Conv.

WASHINGTON, D. C.—More than 1,325 investment bankers and wives are registered for the 49th Annual Convention, Investment Bankers Association of America, Nov. 27 to Dec. 2, at the Hollywood Beach Hotel, Hollywood, Fla. A part of the delegates making up the expected record attendance will be accommodated at The Diplomat, nearby in Hollywood. The all-time peak attendance was 1,306 in 1954.

In addition to the address by IBA President, James J. Lee, Partner, W. E. Hutton & Co., New York, and the inaugural address by the incoming president, George A. Newton, Partner, G. H. Walker & Co., St. Louis, the following guest speakers will also participate on the program:

Henry C. Alexander, Chairman of the Board, Morgan Guaranty Trust Company of New York.

H. Bruce Palmer, President, Mutual Benefit Life Insurance Co., Newark, N. J.

Charles H. Percy, President, Bell & Howell Company, Chicago.

Elwood R. Quesada, Administrator, Federal Aviation Agency, Washington.

Following custom, the first business session of the Convention will be a Municipal Forum on Sunday afternoon, Nov. 27. The Municipal Securities Committee and several of its sub-committees will present their reports at the Forum.

Convention sessions will be held each morning during the week. The various IBA National Committees will hold business meetings and most of them will subsequently submit annual reports to the delegates.

Included on the Convention agenda are a number of items of particular interest:

Members will be asked to vote on a recommendation by the Board of Governors that grants of $50,000 a year for three years be made to the Wharton School, University of Pennsylvania in support of a research program designed to provide basic statistics and information about the investment banking industry.

Reports will be made on the results of the November municipal bond elections and on recent trends in public school financing.

Established during the past year, the Special Committee for Public Education on Municipal Securities will make a report of progress at the Municipal Forum.

The State Legislation Committee will distribute a new IBA publication just off the press "A Primer on State Securities Regulation."

The Foreign Investment Committee will report on the reviving interest in the field of foreign private investment and the recent interest of American citizens in purchasing foreign common stocks.

Cash awards will be made to the winners of the 1960 Institute of Investment Banking essay competition.

The Education Committee will take cognizance of the recently kindled interest in training and qualifying examinations. The IBA Education Committee will briefly review its work in this area and outline its policies looking toward industry-wide cooperation.

New officers will be installed Thursday, Dec. 1, and the incoming Board of Governors will meet that afternoon.

Royal Securs. Inc. In New York City

Royal Securities Inc., an affiliate of Royal Securities Corporation Ltd. of Montreal, has been formed with offices at 37 Wall Street, New York City. Donald S. Pope will direct the activities of the new office.

Blue List Celebrates 25 Years

The Blue List is celebrating its 25th anniversary with the publication of a handsome anniversary booklet describing the history and service of the list, the well-known service publication to the municipal bond business.

J. N. Russell Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — J. Robert Walsh, Jr. has become connected with J. N. Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges. He was formerly with Prescott & Co.

N.Y. Inv. Ass'n to Hear Sen. Javits

James F. Burns III, Blyth & Company, Incorporated., President of the Investment Association of New York, has announced that Senator Jacob K. Javits will address the group's Tenth Annual Dinner to be held Tuesday, December 6 at the Waldorf-Astoria.

James F. Burns, III

The Annual Dinner will be held in the Starlight Roof, starting promptly at 7:15; cocktails will be served starting at 6 p.m. in the Palm Court.

Harry Odzer Co. Formed in N.Y.C.

Harry Odzer announced the formation of Harry Odzer Company, 67 Broad Street, New York, to conduct a general securities business. The firm will also act as underwriters.

Mr. Odzer was formerly associated with Dreyfus & Co. and J. R. Williston & Beane.

Winston Industries Branch

SALISBURY, N. C.—Winston Industries Corporation has opened a branch office at 1400 West Innes Street under the management of Kenneth L. Mattox. Mr. Mattox was formerly Assistant Manager of the local office of Morrison & Co., Inc.

International Finance Corp. Should Invest in Equities

By Robert L. Garner,* *President, International Finance Corporation, Washington, D. C.*

A point-by-point defense against criticism directed at the four-year-old corporation's lending rate and performance precedes a voluntary admission that what is wrong is the investment pattern into which the I.F.C. is forced. To attract private investors and to build up capital markets, Mr. Garner asks that his organization's charter be amended to allow equity investments. He points out that potential investors in industrialized countries are not yet organized to investigate projects in developing areas but might be willing to follow the lead of the I.F.C., together or independently, if it were permitted to invest in capital stock.

The Corporation's fourth year of operations has produced an encouraging list of increases. Argentina and Spain joined IFC, bringing our membership to 59 countries. We made 13 new investments in nine countries. These amounted to more than $21 million, which is slightly more than a 100% increase over our total of a year ago. Since the end of the fiscal year we have made four additional investment commitments, bringing our total to 36 in 17 countries, and to $45 million. The new money invested in all enterprises with which IFC has made commitments totals $195 million. This is substantial, even spread among 17 countries.


Robert L. Garner

The past year saw the corporation make its first investments in Argentina, Peru, Venezuela, Tanganyika, Finland and Southern Italy.

In two of these investments we have agreed to repayment half in non-dollar currencies — sterling and Italian lire. Three investments are partly in the form of income notes. These have no fixed interest, and the return to IFC is contingent on earnings of the companies.

Our personnel has developed in numbers and experience so that we can now send out into the field more operational groups to conclude negotiations already under way and to develop new projects. Several of our new commitments, as well as a number of new proposals, are the result of the work of these groups. Staff members have visited 33 countries during the past year. We expect to expand this activity.

We in IFC are gratified with our progress, but not satisfied.

Answers Critics of IFC

Although we have quite a few friends and supporters among our member countries, our customers and the business and financial world, we are aware of criticisms that we are not doing enough business to make a worthwhile contribution to the economic growth of the developing countries; that our terms are complicated and too expensive; in other words, that IFC does not amount to much. We appreciate the bouquets, but also we do not ignore the brickbats.

I believe that the governors, who represent our stockholding member countries, and other interested people, are entitled to a frank statement with regard to the corporation, its policies and activities.

To appraise IFC's accomplishments to date and its potentials we must examine its purposes and objectives.

Our charter provides that IFC, in association with private investors shall help finance productive private enterprise in the developing countries without government guarantees. In carrying out this assignment, the charter stipulated that IFC shall take into account ". . . the requirements of the enterprise, the risks being undertaken by the corporation and the terms and conditions normally obtained by private investors in similar financing." It also directs IFC ". . . to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms."

This role is quite different from that of the other public financing organizations, national and international. Many of them have been provided with massive funds to make conventional type loans at fixed interest. They finance both governmental and private projects, the latter frequently with government guarantees. This concept is familiar and easily understood. On the other hand, IFC was designed to invest only in private business. It was provided with a relatively small capital. It supplements the capital of businessmen but, in my opinion, the real test of its usefulness is whether it can stimulate the flow of private **investment** capital into and within the developing countries.

In order to do this, the corporation operates along the accepted lines of private investment banking. It needs to make its investments on terms which private investors will consider attractive, either initially or after the enterprise financed has proved its worth, in order to induce them to join in.

Two Tests Must Be Met

To perform this catalytic function of promoting the flow of private capital, IFC must meet two main tests. First, it must invest in soundly conceived and well managed enterprises; it must select them with care; it must investigate them thoroughly; and it must establish a reputation for so doing. **Second,** investments in these enterprises must be made on terms which will produce reasonable profits in the event of success. Only on this basis will private investors sooner or later be willing to buy from IFC all or parts of its successful investments. In this way alone can we hope to revolve our investments, and thereby both encourage the flow of private capital and raise new funds by portfolio sales for further ventures.

We have placed great emphasis at all times on this catalytic function; and we can claim a fair measure of success in attracting initial private participations or joint investments. By that I mean that we have been able to attract private financial investors to join with us in enterprises at the outset because they knew IFC had thoroughly investigated the project and was prepared to invest its own funds. The details are in our Annual Report. North American and European investors have either invested simultaneously with IFC or taken an interest or participation in IFC's own investment in a copper mine in Chile, a pulp mill and an automobile plant in Brazil, and a fertilizer plant in Peru. In our first investment in Africa, a sugar project in Tanganyika, simultaneous investments have been made by British and Netherlands institutions.

Doing More Business

But, I do not wish to avoid facing the criticism that IFC has not done enough business to justify its existence. More than anyone, we in IFC wish to do more business. I may say that my own natural impatience would be greater if I had not lived through the similar slow start of the World Bank. In its early years we in its management had to endure the taunts that we were doing too little and moving too slowly. It was only after several years that the Bank's operations picked up speed. Laying the foundations of sound principles and practices was a slow business. The present world-wide esteem accorded the Bank appears to justify this course. I can only hope that its young brother, the IFC, can likewise prove its worth.

Denies Terms Are Too High

Let us now examine the criticism that IFC terms are too expensive. I think that this question can be judged only in relation to the basic purposes and concepts of the corporation which, to repeat, are that it shall use its funds to assist and stimulate the flow of private capital. To do this it must, obviously, offer a product which such capital considers attractive.

Now let us look at the question from the viewpoint of the private businessman. Do IFC's terms represent an onerous burden to the enterprises which we finance?

Historically there is little evidence that private businessmen with sound projects have been deterred by borrowing costs of the level of IFC's. In most of the periods of active growth in the industrialized countries money rates have been relatively high. If a private business is sound, it does not need subsidy in the form of cheap money. It has been well said that the most expensive kilowatt of electricity is the one which industry needs and cannot get. In the same way the availability of capital is more vital to business than its cost.

Interest Rate Charge

What IFC is trying to accomplish is to induce private investment capital to go into the developing countries, to accept the risks and have a chance to reap the rewards on the new economic frontiers. The usual pattern of IFC investment is a long-term unsecured obligation, frequently subordinate to other creditors. The fixed interest has averaged about 7%. It is well known that interest rates in most of the developing areas of the world are high by standards of the industrialized countries—10%, 15%, even 30% for short-term credits in local currency. Long-term money is generally scarce at any price. Compared to this, our typical 7% interest rate seems a modest charge indeed. In certain cases there has been no mandatory interest on all or part of the investment, payments being entirely contingent upon earnings. Additional returns to the corporation come only out of profits of the enterprise or out of capital gains from options.

In other words, we offer to business sponsors long-term funds in a form adjusted to their needs and supplementing other credits, usually short-term. We accept the risks of the business, with some priorities over the shareholders, but most frequently with rights less than other lenders. During the period of construction and getting into profitable operation, IFC expects only a moderate return. If the business fails we may well have lost part or all of our investment. Only to the extent that the success of the business brings substantial rewards to its owners does IFC get a return appropriate to the risks.

I contend that an investment in such terms is fair anad equitable, and by proven business standards should be attractive to the growing enterprises of the developing countries.

All business ventures are risky. Those in the less developed areas embody extra hazards. Sponsors of business take this into account and properly expect to make profits higher than are available in the more advanced and stable countries. Investment capital which helps support these enterprises is likewise entitled to share in such higher rewards in proportion to its contribution of funds.

What the Critics Forget

It appears obvious that the critics of IFC's terms measure them only against the lending rates of other public agencies. I have tried to make clear the difference in basic concepts between the corporation and such agencies. The latter were created to do different jobs — to assist governments in over-all development or to serve national, economic or political interests. I can agree with their general policy of providing low-cost loans in order to promote these objectives. However, I see no justification for the argument that private business should have a call on public funds at low rates in order to multiply private profits.

The question whether cheap government credits are an effective means of financing private industrial development, in my opinion, deserves more thoughtful attention than it has received. Many advocates of such cheap credit claim that it is essential if private enterprise is to grow at a satisfactory rate. However, it seems obvious that public funds can supply the requirements of only a small part of the sound business enterprises in the developing countries. The lucky few can increase their profits and thus have an advantage over the many to whom public funds are not available. Furthermore, and even more important, it makes other businessmen reluctant to pay the higher rates necessary to attract private investment capital. Many of them delay projects in the hopes of eventually obtaining cheaper government funds, thus retarding sound expansion and obstructing the increased flow of private funds into these countries. Cheap public credits may well in the long run retard rather than advance the pace of private economic development.

It has been suggested that IFC can expand its operations materially only if it joins the procession of lenders of low-rate money. To me this would be a futile gesture. Substantial loans of such nature are available from other sources. The additional amount which IFC could contribute in this form would be only a drop in the bucket.

Our charter forces us to be creditors—so that our investments must take the form of loans, with some features of equity participation. Such combined forms of financing are well established in industrialized countries, but they are novel in most others. They are new and, therefore, suspect. This puts us in an awkward position; the only form in which we are permitted to invest automatically places us under suspicion and subjects us to criticism. It is asserted that we want to have our cake and eat it too, that as creditors we should not expect additional rewards. Established custom to the contrary, this idea persists.

Justification of IFC's Existence

The question has been raised whether there is present need for IFC. The argument goes that when the corporation was formed four years ago the pace of private investment, local or foreign, in the areas where it operates was limited, but that since then private capital is on the move. Therefore, what reason for the corporation's existence?

It is true that in recent years investors have awakened to the opportunities in the newly developing countries. In my opinion this increased interest is the beginning of a potentially substantial flow of investment capital into the developing countries and within these countries themselves. To me it seems obvious that the greater the interest and activity on the part of investors, the more useful IFC can be. If businessmen and investors were not interested, there would be small chance of their being persuaded into action by anything IFC could tell them. However, we can certainly work with those who are prepared to venture into the developing countries.

So if the concept of IFC was ever a good one, today it is even better.

Size of the Loans

With regard to the type of business in which IFC invests, our critics are divided. Some are disappointed that we do not confine our help to small, locally-owned enterprises, claiming that the larger firms, particularly those from the industrialized countries, should obtain finance elsewhere. Actually out of a total of 36 enterprises in which we have committed, 21 are locally owned. Ten are ventures of joint local and foreign ownership. Only five are subsidiaries of foreign firms. We welcome the chance to help small business, but it is impractical for IFC to try to deal from a distance with enterprises having less than about $500,000 total capitalization. The really small, one-man business everywhere must seek its finance close at hand.

Conversely, it is sometimes argued that we should finance only those enterprises which are sufficiently large to make a major impact on economic development. Furthermore, it is claimed that investments where ownership is largely in the hands of well-known foreign firms are likely to be sounder and that they appeal more strongly to financial investors, thus promoting our objective of obtaining private participations.

At the end of our list of critics we find those to whom nothing is important unless it is big. IFC's investments are of moderate size, runs this line of reasoning, therefore they can be of only moderate value. To be specific, our investments average just over one million dollars each. Eleven of them are in amounts of $500,000 or less.

It is true that most of the enterprises we finance are small by the standards of the industrialized countries. However, they loom large in the industrial and financial pictures of the countries where they operate. For example, the smallest enteprise in which we have invested is a knitting mill in El Salvador. This mill employs some 70 workers. Measured by employment it is about one-third the size of the average knitting mill in the U. S. However, its sales volume, related to the size of the economy equals a mill in the U. S. with annual sales of more than $150 million.

In Peru we have invested in a factory which produces cans and simple household appliances and will soon start production of refrigerators and washing machines. In relative size, this company corresponds to two-thirds of Westinghouse.

By the same measure the Argentine steel mill in which we have recently invested corresponds in relative size to United Steel of Great Britain or the Thyssen Huette of Germany.

The fact that we spread our activities between small and large local business, subsidiaries of

large international companies, and the joint ventures in which both types of business participate, is I believe a correct policy from the point of view of the Corporation. I am convinced that it also represents sound economic development. Every growing country needs a wide range of business, including both local and foreign ownership and financing, varying in size and type, which turn out useful products, which provide jobs and which give employment to capital with prospects of attractive profits. Such has been the pattern of economic progress in all the countries which now afford the highest standard of living for their people.

Need for Equity Capital

In all of those countries which have reached the highest degree of industrial development, private business has grown in the first instance from its own generated profits. They are the first source of finance for business growth. But in vigorous, expanding economies these profits alone have not proven sufficient. They need to be supplemented by investment capital—the savings of individuals and institutions which are available for investment in business other than their own. This continuous injection of investment capital has made possible the growth of the steel mills, the automobile and chemical plants, the supermarkets, and the entire complex of private business that has produced today's modern, developed economies with their high standards of living.

Furthermore, in the history of private enterprise development, best illustrated in North America and Western Europe, equity capital has played a leading role. Initially most enterprises started small and grew for considerable time out of their own resources. Larger undertakings drew funds from a few rich individuals, Gradually the ownership spread to a large public of individuals and investing institutions.

Thus in the past, industry has grown largely on ownership money. It is a recent departure that in the developing areas new industrial enterprises are capitalized with large borrowings. This has been made possible only through national and international public lending agencies established since World War II.

It appears to us that the greatest shortage for business expansion in the developing countries is equity capital.

In these countries the tradition of investment has been either to send money abroad, or to put funds into land and buildings at home, or into family-owned enterprise. One of the basic problems is to lure this capital into the growing industrial and commercial life of these countries. As industry develops it needs to be accompanied by the development of capital markets through which funds of large numbers of individuals can flow into the stream of economic life.

Capital markets of considerable scope, with established securities, exchanges and investment banking organizations, have developed in a few of the countries in which IFC operates. But in most of the developing areas facilities for the underwriting, sale and trading of securities are practically nonexistent. This is a serious hindrance to economic growth. As private industry expands the requirements for capital particularly equity, exceed the resources of the controlling group.

There may be substantial numbers of local people in a country willing to invest in shares of an enterprise; however, it is often the case that subscriptions can only be arranged for payments over a considerable period of time. If there are no facilities for underwriting there is lack of assurance that funds will be forthcoming as needed. This often delays arrangement for prompt financing and progress on projects.

Sees New Potential Role

Up until now, IFC has been unable to give worthwhile help in developing such capital markets. I believe that potentially this could be one of our most useful roles.

In the highly developed countries individuals and financial institutions have a long tradition of investment. They are accustomed to put their accumulated savings to work to fuel the industrial machine. We see evidence in the United States and Western Europe that this capital is looking with growing interest toward the developing countries. It naturally becomes cautious when it sees governments confiscating private property and imposing conditions which obstruct the operation of business. Nevertheless, this private capital is showing increasing readiness to go into sound, well-managed ventures in countries where it is welcomed and treated fairly, and where there are opportunities to earn greater rewards than in the more familiar and safer conditions at home.

However, most of the potential financial investors in the industrialized countries are not yet organized to investigate projects in the vast expanse of the developing world. They do not have personnel, nor are they prepared to incur the expense, for on-the-spot investigations. They do not have wide contacts and experience with local conditions, particularly with laws and practices. IFC investigations by financial, legal, engineering and accounting staffs and independent constultants are careful and thorough. The results of our work are available to private investors who are interested in participating in the Corporation's investments, with a minimum of expense and effort to them. We believe that IFC is in a unique position to offer such service to a growing body of private investors.

Seeking Approval to Change The Charter

I shall now turn to a matter which has, I am convinced, great importance to the future of IFC. It is a proposal to change our Charter to remove the existing prohibition against investment in capital stock.

This matter has been considered by our Directors, who have authorized me to bring it to the attention of the Governors for discussion today.

The original concept of IFC was an international institution which could make non-voting investments. But there were some objections to a public institution holding capital stock in private business. Accordingly, in 1955, the Management of the World Bank proceeded with the organization of IFC, accepting with reluctance the prohibition against investing in capital stock.

I shall briefly outline the main considerations involved in the proposal to remove this limitation.

Four years' experience has shown that there are serious objections to the investment patterns into which IFC is forced. Such patterns are difficult to work out under the laws of many countries. They are unduly complicated, are unfamiliar to many sponsors and even lawyers, and result in lengthy and expensive negotiations and preparation of documents. I can assure you that such delays and complications are as unwelcome to IFC as to our customers.

Furthermore, it is apparent that the forms of IFC investment tend to exaggerate in the minds of many people the probable cost of our funds. Since the typical investment is a loan bearing fixed interest, there is a tendency to attempt to calculate in equally definite terms the value of profit participations and options. Usually the evaluations by sponsors are over-optimistic, and thus exaggerate the probable return to the IFC. On the other hand, it is generally recognized that future earnings and dividends on equity, and the market value of shares, are unpredictable, and sponsors do not attempt to calculate the cost of straight equity money nor do they object to high rewards to shareholders, themselves included.

This attitude may not be logical, but it has certainly been an important handicap to IFC.

Inability to Work With Options

The past few decades around the free world have seen both individual and institutional investors putting more of their funds into equities. Those who are willing to venture into the less developed areas are likewise most interested in the potentials for growth and profits through equity investment. IFC, unable to invest in shares, has sought the nearest equivalent, in options on shares which it could hope to sell into private hands.

Aside from the disadvantage that such options are unfamiliar, and in some countries may not be legal, they present difficult technical problems. To IFC the option must be of sufficient duration not only for the enterprise to attain results justifying increased value for the optioned shares, but also to enable IFC to find willing purchasers before the options expire. Obtaining options of sufficient length to afford reasonable prospects of profit has been one of IFC's most difficult points of negotiation.

From the standpoint of attracting private investors, either to participate with us or to purchase our investments we would be on more familiar ground and in a more flexible position to dispose of our holdings in shares rather than in options.

IFC operates without the massive funds or the security of mortgages, or of government guarantees of other public agencies. We can play an important role in economic development only through services not elsewhere widely available. We need to have the maximum flexibility in meeting the needs of private enterprise and in attracting private investment funds into the growth of the developing countries.

Given the right to invest in equities, at its discretion, IFC could more effectively:

—strengthen by its own investment the capital structure of enterprises;

—encourage private investors to join in with it in taking either preference or common shares;

—accept the risks and share in the profits of an enterprise in traditional form;

—negotiate investment terms on simpler and more acceptable lines;

—make more effective use of options and convertible securities;

—and cooperate with local institutions in the development of capital markets by underwriting issues of convertible securities and share capital for public subscription.

It would not, of course, follow that all IFC investments should be in equity. Our present pattern of investment is well suited to many projects. In others, part of an investment might be in a conventional fixed rate investment, the remainder in equity. This would, I believe, appeal to many businessmen.

Increased Risk

The question may be raised as to the increased risk to IFC in making equity investments as against loans. Looking at each individual case, it is true that the shareholders accept greater risks than creditors. However, for successful ventures they receive greater rewards. It is my opinion that over the long pull and with a diversified list of investments spread about the developing world, IFC and other investors will fare better through investment in equities of well selected enterprises than in any other form.

IFC management feels strongly that it should not exercise control over, nor participate in management of, private business. It would not wish to vote the stock held by it except in cases of jeopardy or other special circumstances. I believe that my personal views on the values of private enterprise and opposition to interference by public agencies are well known. I am not infringing on these convictions in making this proposal.

Mr. Black, as Chairman of the Board of IFC, recently advised the Directors as follows:

> "In my opinion such an amendment is of vital importance to the future of IFC, and would considerably increase the volume of its operations and its usefulness in economic development.
>
> "The desirability of having IFC engage in direct equity investment has been mentioned on many occasions. There is no doubt, in my opinion, that such an amendment will mean accelerated activity and simpler investments by IFC."

Thus Mr. Black joins with me in asking for prompt consideration of this proposal. If the Board of Governors considers that it has merit, the necessary procedures to amend the Charter can be promptly put in motion.

In closing, I wish to say that we in the management and staff of IFC believe strongly in its purpose and its growing possibilities. For it our conviction that private industrial growth is the most dynamic force for progress on the economic frontiers of the free world.

The test of IFC is, in a sense, the test of the private enterprise system itself. We welcome the challenge to play a worthy part in this modern adventure.

*An address by Mr. Garner before the International Finance Corporation's Board of Governors, Washington, D. C.

William T. Robbins Forms Own Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William T. Robbins & Co., Inc. has been formed with offices in the Terminal Tower Building to engage in a securities business. Officers are William T. Robbins, President; H. R. Robbins, Vice-President; and Myron W. Ulrich, Secretary. Mr. Robbins was formerly with L. B. Schwinn & Co. in charge of the corporate finance department.

Wm. T. Robbins

PUBLIC UTILITY SECURITIES

BY OWEN ELY

California Electric Power Company

California Electric Power serves electricity to a population of some 388,000 in southeastern California and southwestern Nevada. The principal areas served, accounting for about three-quarters of revenues, are located in San Bernardino and Riverside Counties in California. Subsidiaries were formerly operated in northwestern Mexico but recently the company made a deal with the Mexican Government for sale of these properties. Larger cities in the area include San Bernardino (served jointly with Southern California Edison Company), Palm Springs, Hemet, Corona, Blythe, Victorville and Barstow.

The company has a wide variety of farm and industrial activities in its area. Residential and rural sales contribute about 37% of revenues, commercial 24%, industrial 23% and sales to other utilities 12%. Farm activities include the growing of oranges, lemons, dates, deciduous fruits, alfalfa, cotton and vegetables, together with related packing, canning, processing and by-product operations. The mountain and desert areas include a number of important resorts such as Palm Springs. Industries are mainly related to natural resources in the area and include the manufacture of cement; the production of soda ash, potash, borax and related chemicals; and the mining of gold, silver, tungsten, silica, magnesium and iron. Military establishments are also important and last year contributed about 8% of total revenues—the amount being the largest at any time during or since World War II. Some industrial companies served include Permanente Company (a Kaiser enterprise), Riverside Portland Cement, West End Chemical, the Santa Fe diesel shops (largest in the world), Minnesota Mining, Gladding McBean, Owens Illinois Glass, U. S. Gypsum, U. S. Borax, etc.

The population growth in the area continues to exceed not only the U. S. but also the state of California. The company's revenues have tripled in the past decade and this rate of growth appears likely to continue, although in 1960 it has tapered off somewhat.

In earlier years the company was more dependent on hydro, which accounted for 20% of requirements in 1955 plus purchased amounts. Last year, however, only 10% of requirements came from hydro; about 3% was purchased from Hoover Dam and other net purchases approximated 5%.

System peak load last year was 349,000 kw compared with steam capacity of 335,000 kw and hydro of 45,000 kw. In mid-1959 the company put in operation the initial 75,000 kilowatt generating unit at the new Yuma (Arizona), Axis Plant—a joint operation with Arizona Public Service Company and the Imperial Irrigation District. The company has also begun construction of the new Cool Water Steam Plant near Barstow, and the first unit of 60,000 kw is scheduled for operation in 1961.

The company, like most other utilities in California, seems to have suffered from the strict regulatory standards in that state. While it has received two rate increases which helped to improve earnings somewhat (the company earned only 3.9% in 1951 and 4.5% in 1957, as reported by Standard & Poor's, on year-end net plant), it is still earning only about 5.5% despite adoption of flow-through accounting. (In 1959, flow-through provided about one-fifth of share earnings.)

In the 12 months ended Sept. 30, 1960 earnings per share were $1.02 vs. $1.16 in the previous 12 months; 6 cents of the decline occurred in the September quarter. Revenues in the third quarter showed a gain of nearly 9% over last year compared with a gain of nearly 11% in the 12 months ended Sept. 30. Reasons for the decline were (1) sale of the Mexican subsidiary earlier in the year which had an adverse effect on current earnings. (2) Expenses increased as a result of a record dry year on both the Sierra and Colorado River watersheds, which drastically reduced the amount of available hydro power. (3) The winter months of 1960 were abnormally cold so that there was less gas available as fuel (under an "interruptible" contract). This was the first prolonged gas curtailment the company had experienced for many years and it was necessary to use a large quantity of fuel oil in storage that had been purchased at a higher average cost than the current market price. Curtailment is less likely in the coming winter because of completion of an additional pipeline that will increase the supply of gas; but on the other hand natural gas rates were increased effective Aug. 25, 1960. (4) A sharp increase in local taxes, due in part to higher tax rates, was also a factor. (5) The company also reduced certain residential rates effective April 1 by about $370,000 for promotional reasons; it is expected that the reduction will be made up in a short time by residential air-conditioning and other sales. (6) The credit for interest on construction was lower this year by an amount equal to about 4 cents a share; however the third quarter showed improvement and with the heavier construction program this year, the last quarter may also show a larger credit.

On April 12, 1960 the quarterly dividend was raised from 20 cents to 21 cents making the annual rate 84 cents; at the recent price of 18 on the American Stock Exchange, the yield is 4.7%. The price-earnings ratio is 17.6.

$75 Million Bonds Of Con. Edison Being Offered

The First Boston Corp. and Halsey, Stuart & Co. Inc., are joint managers of an underwriting syndicate which on Nov. 23, offered an issue of $75,000,000 Consolidated Edison Company of New York, Inc. First and Refunding Mortgage Bonds, 5% Series S, due Dec. 1, 1990, at 102% and accrued interest, to yield approximately 4.87%. Award of the issue was won by the underwriters at competitive sale Nov. 22 on a bid of 101.22%.

Net proceeds from the sale of the bonds will become a part of the treasury funds of the company and will be applied (1) to retire short term bank loans, estimated at $61,000,000 at the date of sale of the bonds, and (2) toward the cost of its construction program.

The Series S bonds will be redeemable at optional redemption prices ranging from 107% to par, plus accrued interest. However, prior to Dec. 1, 1965, the bonds may not be redeemed from proceeds of any refunding operation involving the incurrence of debt which has an interest rate to the company of less than the interest rate on the Series S bonds. The bonds will also be redeemable at special redemption prices receding from 102% to par, plus accrued interest.

Consolidated Edison Co. of New York, Inc. is engaged in the manufacture, generation, purchase and sale of gas and electricity and the manufacture and sale of steam. It supplies electricity in the Boroughs of Manhattan, The Bronx, Brooklyn, Richmond and parts of Queens, all in the City of New York, and in parts of Westchester County; and steam service in a part of Manhattan. It owns all of the voting stock of Consolidated Telegraph & Electrical Subway Co. which owns a system of underground conduits used principally by the company.

For the 12 months ended Aug. 31, 1960, the company and its subsidiary had consolidated operating revenues of $647,590,000 and consolidated net income of $69,836,000.

United Air Lines Debs. Marketed

Harriman Ripley & Co. Inc., is manager of an underwriting syndicate which offered on Nov. 23 an issue of $25,000,000 United Air Lines, Inc. 4⅞% subordinated debentures, due Dec. 1, 1985, at 100% and accrued interest, to yield 4⅞%.

Net proceeds from the financing initially will be used by the company to reduce borrowings under United bank credit agreement. United believes that the proceeds from the sale of the debentures, funds from operations, proceeds from the sale of aircraft, and funds available under the credit agreement, will provide the funds required for new jet aircraft on order.

The 1985 debentures will be convertible, prior to Dec. 1, 1975, unless previously redeemed, into common stock at $37.50 per share, subject to adjustment in certain events. The debentures will be redeemable at optional redemption prices ranging from 104⅞% to par, and for the sinking fund at 100%, plus accrued interest in each case. Application will be made to list the 1985 debentures on the New York Stock Exchange.

United Air Lines, Inc., with its principal executive offices in Chicago, Ill., has been engaged in air transportation of persons, property and mail since Dec. 28, 1934. United's system consists of 11,613 unduplicated certificated route miles, and scheduled commercial flights totaled 348,743 airplane miles as of Oct. 1, 1960. The carrier's transcontinental route connects major cities on the East coast with leading Pacific Coast cities, via such prominent cities as Pittsburgh, Cleveland, Detroit, Chicago, Milwaukee, Kansas City, Omaha, Denver and Salt Lake City. The company also flies routes into British Columbia, and from San Francisco and Los Angeles to Honolulu. The company has entered into an agreement of merger providing for the merger of Capital Airlines, Inc. into United, and consummation of the merger hinges, among other things, on approval by the Civil Aeronautics Board.

For the nine months ended Sept. 30, 1960, the line had total operating revenues of $278,910,000 net earnings of $5,991,000, and gain on sale of aircraft of $3,720,000. Upon completion of the current financing, outstanding capitalization of the company, on a pro-forma basis will consist of $244,052,000 of notes payable and funded debt; 159,000 shares of 5½% 1960 series preferred stock and 4,648,209 shares of common stock.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The interest in Government obligations continues to hold, helped in some measure by the opinions which are being put forward by certain money market specialists that there will be more pronounced changes in Federal Reserve policy in the not too distant future. These changes should be (more) beneficial to the owners of the intermediate and long-term maturities of Government obligations. It is very evident that there will be most careful watching of money market statistics to see what comes out of the recent revision of the "bills only" policy.

The demand for near-term securities is still sizeable and the slightly higher rates which are available in these obligations is welcomed by most investors. However, this return is still not high enough to keep American and foreign short-term investment money here. The gold problem has been aggravated by this flow of short-term "hot money" to other countries.

Change in "Open Market" Operations Expected

The money and capital markets appear to be in a state of flux because there are not only the usual year-end adjustments being made in portfolio positions, but also there is a somewhat cautious attitude among investors because of the opinions that further changes will be made in Federal Reserve policy which will have a significant effect on all fixed income bearing obligations. It is evident from the current action of the powers that be that the "bills only" policy has been modified in some measure, even though these "open market" operations so far have involved purchases only of obligations with a maturity of just over a year.

To be sure, the putting of funds at the disposal of the money markets can be done exclusively by the purchase of short-term issues, as has been the case for more than two years now. However, there is more than a passing amount of question among money market specialists as to what will be accomplished at this stage of the game thru the continued purchase of near-term securities in face of the defensive international position of the dollar and the loss of gold.

It does not seem to make a great deal of difference as far as short-term money rates are concerned whether the medium for injecting funds into the money market is done by means of commitments in bills, certificates, notes or bonds as long as they are all short-term securities. This still keeps the pressure on the near-term sector of the market and does not allow these rates to rise so that funds of not only foreigners but also of Americans will remain here and not go abroad because of the more attractive short-term rates of return available there.

Purchases in 5-Year Area Possible

In spite of the purchases of other than Treasury "bills" (all short-terms nonetheless) in recent "open market" operations, the opinions are still strong among certain money market experts that there will be purchases in the near future by the Federal Reserve Banks of securities with a maturity of more than five years in order to put funds into the market. In other words, it is believed that the monetary authorities will go along with the idea that commitments in intermediate and long-term Treasury obligations for "open market" purposes is not going to bring about the end of the world.

As a matter for the records, there are more than a few well thought out opinions that lower long-term interest rates would be very beneficial to the country since it would aid very substantially in reviving the economy. In addition, the removing of some of the pressure from the short-term sector of the market would allow these rates to rise to levels which would be attractive enough to sharply curtail, if not entirely eliminate, the flow of funds abroad because of the more attractive income available there in short-term issues.

Accordingly, it appears as though higher short-term interest rates and lower long-term rates brought about thru further changes in "open market" operations would not be a great surprise to many money market followers.

Lower Long-Term Rates Probable

In spite of the backing up of recent new offerings in the corporate field, and the fact that there is no shortage of tax-exempt obligations, there continues to be a feeling of confidence in the capital market that the eventual reduction in long-term interest rates will make the purchase of not only Governments but also corporates and tax-protected bonds a profitable venture. The anticipatory buying of these obligations so far has not been excessive, in the belief of most bond market specialists.

The offer by the Treasury to the owners of about $750,000,000 of Series F and G savings bonds to exchange them for the marketable 4s due 1969 at 100½ to yield about 3.93%, was not a surprise to the financial community. The Government is continuing its policy of converting non-marketable debt into marketable obligations.

Transitron Common Sold

Merrill Lynch, Pierce, Fenner & Smith Inc. and associates publicly offered on Nov. 17, 1,250,000 shares of Transitron Electronic Company's $1 par common stock at $35 per share.

Net proceeds of the offering will go to David and Leo Bakalar, selling stockholders, and no part of the proceeds will be received by the company.

The company, with offices in Wakefield, Melrose, and Boston, Mass., is in the business of manufacturing and selling various types of semi-conductors. It was originally organized as a Massachusetts corporation in 1952 and reincorporated in Delaware in 1959.

The capitalization of the company as at Nov. 1, 1960, consisted of $882,500 of subsidiaries' first mortgage notes, of which $369,375 of notes are outstanding, and 10,000,000 shares of $1 par common stock of which 7,502,500 shares are outstanding.

Cleveland Analysts to Hear

CLEVELAND, Ohio—C. P. Neidig, Partner of White, Weld & Co., will address the Nov. 30 meeting of the Cleveland Society of Security Analysts on the Chemical Industry.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The election of Walker L. Cisler to the Advisory Board on International Business of **Chemical Bank New York Trust Company** was announced Nov. 23 by Chairman Harold H. Helm.

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The election of A. Robert Nachman to the advisory board of the Queens offices of **The Marine Midland Trust Company of New York** has been announced by George C. Textor, President.

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The Board of Trustees of the **Union Square Savings Bank, New York City,** has announced the appointment of Frank McLoughlin as Vice-President and Treasurer.

Mr. McLoughlin entered the employ of the Bank in 1930 and became Auditor in 1946. In January, 1952, he was made an Assistant Vice-President, and in 1957 was appointed Treasurer.

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The **Bank leumi le-Israel** branch will be located at 60 Wall Street.

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Following a meeting of the Board of Trustees of **East Brooklyn Savings Bank, New York,** Louis E. Weed, President, announced the elections of two new members. They are:

Mr. Leland D. Trantum and Mr. Garvin A. Drew.

* * *

By the sale of new stock, **The Meadow Brook National Bank of Nassau County, West Hempstead, New York,** has increased its common capital stock from $10,407,710 to $12,720,530, effective Nov. 10. (Number of shares outstanding—2,544,106 shares, par value $5).

* * *

The appointment of Walter Elliott as Assistant Cashier of **The Eastern National Bank of Long Island, N. Y.** was announced by Mr. William J. Boyle, President of the Bank.

Mr. Elliott was employed for the past 13 years by the **Meadow Brook National Bank** in the capacity of Assistant Cashier, and Manager.

* * *

Shareholders of **National Bank of Westchester, White Plains, N. Y.** and **The Mount Kisco National Bank and Trust Company, Mount Kisco, N. Y.** approved an agreement to consolidate Nov. 17 at meetings held at each bank. Upon receipt of a certificate of approval from the Comptroller of the Currency, the two banks will consolidate at the close of business on Dec. 2. All offices of both banks will reopen on Dec. 5 as National Bank of Westchester, White Plains, with its main office at 31 Mamaroneck Avenue, White Plains.

Total assets of the combined bank will be in excess of $225,000,000 and capital and surplus over $14,000,000.

The capital stock of the consolidated bank will be $5,499,415 divided into 1,099,883 shares of common stock of par value of $5 per share.

The shareholders of The Mount Kisco National Bank and Trust Company will receive for each share held, 75 shares of the common stock of National Bank of Westchester, White Plains.

All 19 members of the present NBW Board of Directors will continue, and two new directors from The Mount Kisco National Bank and Trust Company will be added. They are E. Addison Walker and G. Hollister Brown.

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The election of George Wesley as an Assistant Vice-President of **National Bank of Westchester, White Plains, N. Y.** was announced by Ralph T. Tyner, Jr., Chairman and Harold J. Marshall, President.

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The plans of the **First Westchester National Bank, New Rochelle, N. Y.** to acquire the **First National Bank and Trust Company of Ossining, N. Y.** have been announced. Ossining shareholders would receive $5\frac{1}{2}$ shares of First Westchester National stock for each of their own shares and would participate in a 2% stock dividend to be paid to holders of First Westchester shares, if the merger is approved by stockholders and the Comptroller of the Currency.

The Ossining Bank has two offices and $11,585,000 in resources. The consolidated bank would have more than $78,680,000 in resources, and 14 offices.

* * *

By the sale of new stock, the **Mohawk National Bank of Schenectady, Schenectady, New York,** has increased its common capital stock from $875,000 to $1,000,000, effective Nov. 9. (Number of shares outstanding — 40,000 shares, par value 25).

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The election of William H. Harder as Executive Vice-President, and Raymond F. Eisenhardt as Senior Vice-President of the **Buffalo Savings Bank, Buffalo, New York** have been announced.

Mr. Harder started with the Bank in 1946, was elected Vice-President in 1947, and Trustee in 1951.

Mr. Eisenhardt, who joined the Bank in 1925, has been a Vice-President since 1947 and a Trustee since 1951.

* * *

The Coolidge Bank & Trust Co., Watertown, Mass., which also becomes the first state commercial bank to be chartered in Watertown, begins operations on Dec. 1.

Officers of the new banking landmark in Watertown are: Milton Adess, President; Roy C. Papalia, Senior Vice-President; F. Marshall Boan, John J. Curran and Walter Everett, Vice-Presidents.

Ten outstanding business leaders are members of the Board of Directors of Coolidge Bank & Trust Co. They include Peter Adamian, Herbert J. Chernis, Myer L. Cutler, Joseph A. Dunn, Ralph Torchio, James Tragakis, Sidney D. Turin, John A. Zani, Frank G. Feldman, and Charles Mosesian.

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By a stock dividend, the **DuBois Deposit National Bank, DuBois, Pa.,** has increased its common capital stock from $600,000 to $800,000, effective Nov. 10. (Number of shares outstanding 32,000 shares, par value $25).

* * *

Shareholders of **The Ohio Citizens Trust Company, Toledo, Ohio** in a special meeting Nov. 16, authorized an increase in the Bank's capital account, the Bank's Directors declared a stock dividend, voted the regular quarterly dividend and increased the Bank's surplus for the second time within four months. 114,133 shares, 97.6% of those outstanding, were represented at the meeting in person or by proxy.

The capital account was increased from 117,000 to 125,000 outstanding $20 par value shares, a raise from $2,340,000 to $2,500,000.

The stock dividend—one share for each 14⅝ shares presently held—represents an approximate 7% overall increase. It is payable Dec. 1 to shareholders of record on Nov. 21. Willard I. Webb, Jr., President, said the stock's book value, even after the dividend, will be expected to show an increase over Dec. 31, 1959.

The Bank's surplus account was raised to $4,000,000. Just last August, the directors had raised the account of $750,000 — from $3,160,000 to $3,910,000. The new total of capital and surplus accounts is $6,500,000.

At the meeting, it was decided that no fractional shares would be issued on the stock dividend. Instead, the Trust Department, acting for the corporation, will accumulate the part-shares, paying their owners an appropriate percentage based on the rate of $55 per share. Full shares will be offered first to these shareholders. If any should be unsold, the Trust Department is authorized to sell shares to other persons at their own discretion.

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Directors of **Merchandise National Bank of Chicago, Ill.** have proposed an increase in capital through a one for nine stock dividend, according to an announcement by Kenneth K. Du Vall, Chairman of the Board.

The proposal, subject to final approval of the Comptroller of the Currency, as well as shareowners at a special meeting on December 6, would raise the Bank's capital stock from $1,800,000 to $2,000,000 and increase the number of shares by 20,000 to 200,000.

Under this plan, stockholders would receive one share ($10 par value) for each nine shares owned. Scrip certificates, marketable for a stipulated period, will be issued to avoid fractional shares.

The directors also declared the regular 25 cents per share quarterly dividend payable on Dec. 30 to stockholders of record on Dec. 20, as well as a $7\frac{1}{2}$-cent extra cash dividend. The extra, Du Vall explained, will raise the total paid this year to $200,000, or $1 per share on the new number of shares outstanding.

The stock dividend will be made possible through transfer of $500,000 from retained earnings. Of this amount, $300,000 will be applied to surplus, raising it to $3,000,000 and $200,000 will be applied to capital, which would then total $2,000,000.

With approximately $460,000 remaining in retained earnings, the Bank's capital account would total $5,460,000.

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The First National Bank of Three Rivers, Three Rivers, Michigan, has increased its common capital stock from $200,000 to $250,000, by a stock dividend, and from $250,000 to $300,000 by the sale of new stock, effective Nov. 10. (Number of shares outstanding — 24,000 shares, par value $12.50.)

* * *

The National Bank of Commerce of Altus, Altus, Oklahoma, has increased its common capital stock from $100,000 to $200,000, by a stock dividend, effective Nov. 10. (Number of shares outstanding—20,000 shares, par value $10.)

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George A. Speer, president of **Northwestern Bank, St. Louis, Mo.,** announced that the following have been elected Officers of the Bank: Lee McNorton, formerly auditor, to Secretary Treasurer, William Phelps, formerly Assistant Vice President, to Vice President; Frank Pursley, formerly Assistant Vice President, to Vice President; Robert J. Renz, formerly Loan Officer, to Assistant Vice President; Eugene Meyer, formerly Head Teller, to Assistant Secretary-Treasurer, and Lee Ledbetter to Assistant Secretary-Treasurer.

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The Austin National Bank, Austin Texas, has increased its common capital stock from $1,625,000 to $1,787,500, by a stock dividend, and from $1,787,500 to $2,275,000, by the sale of new stock, effective Nov. 9. (Number of shares outstanding—91,000 shares, par value $25.)

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By a stock dividend, **The First National Bank in Fort Collins, Fort Collins, Colorado,** has increased its common capital stock from $375,000 to $450,000, and from $450,000 to $500,000, by the sale of new stock, effective Nov. 9. (Number of shares outstanding —5,000 shares, par value $100.)

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Robert T. Shinkle was elected Vice President-Trust Officer of **Bank of America, San Francisco, Calif.,** to succeed C. Edward DeRochie, who was named staff Assistant to Vice President and Senior Trust Officer J. R. Johnson.

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The Directors of **The Bank of California, N. A., San Francisco, Calif.,** have appointed the following men to official status, announced Elliott McAllister, Chairman of the Board.

Robert A. Fyfe becomes Assistant Manager at the bank's Berkeley Office and will also serve as Manager of the Installment Loan Department.

Richard C. Evans advances to Assistant Cashier at Stevens Creek-Winchester Office in San Jose, where he will be Loan and Operations Officer.

Hugh H. Somers was appointed Assistant Cashier at The Bank of California's Modesto Main Office.

The Bank of California, N. A., San Francisco, Calif., has received approval from the Comptroller of the Currency and other supervisory authorities to establish offices in Pleasant Hill and Danville, President Edwin E. Adams announced.

* * *

One of the nation's oldest active bankers, Oscar Newton Beasley, died on Nov. 18 at the age of 90.

Mr. Beasley founded the **First National Bank of Beverly Hills, Beverly Hills, Calif.,** in 1920. It then became the **Beverly Hills National Bank and Trust Company,** of which he was Board Chairman in 1933. He founded in 1904 the **McKinley County Bank of Gallup, Gallup, New Mexico.**

* * *

Russell B. Watson, Vice President of the **Canadian Bank of Commerce, San Francisco, California,** office, has been appointed Manager of the parent bank's West End branch in London.

Mr. Watson has been associated with the San Francisco branch for the past five and one-half years.

Coast Exchange Names Officials

Appointment of Mr. James L. McPhail as Vice-President and Treasurer of the Los Angeles Division, Pacific Coast Stock Exchange, by the Division Governing Board was anounced by Mr. William H. Jones, Chairman.

Mr. McPhail has held the office of Treasurer since January of this year. He joined the Exchange in March, 1959, prior to which time he was with the Internal Revenue Service. A graduate of Southern Illinois University in Business Administration, he also has had experience in the Public Accounting field.

Other officers of the Division are: Thomas P. Phelan, President; John D. Guyer, Secretary; and Harry Z. Johnston, President of the Los Angeles Stock Clearing Corp., a wholly owned subsidiary of the Division.

In Securities Business

Bertha Collins is conducting a securities business from offices at 32 Gramercy Park South, New York City.

MUTUAL FUNDS

BY ROBERT E. RICH

A New York State Savings Banks Fund?

Although history probably will not record that this was one of the better years for the mutual fund field, it isn't likely either to chronicle that it was a time of despair. For, in 1960 money managers of giant stature were looking with no little envy at the works of the mutual fund men and telling their people to "get ye hence and do likewise."

It was a time of plumping by insurance chiefs for variable annuities that would be based on the mutual fund idea, by real estate investment trusts for syndication of their ventures a la mutual funds and by the savings bankers to get a foothold in the fund field.

Nine months ago the Savings Banks Association of the State of New York designated a special committee on mutual funds to employ the services of an independent authority to study the feasibility of having their depositors invest a part of their savings in a mutual fund operated by these banks. The committee entrusted the study to Roger F. Murray, S. Sloan Colt, Professor of Banking and Finance at the Graduate School of Business of Columbia University.

Dr. Murray concluded that "the savings banks should proceed forthwith to draft and support legislation authorizing them to establish mutual fund departments which will offer mutual fund accounts to their depositors." Taking account of the changing character of savings bank functions and the changing character of the depositors, Dr. Murray felt such a service would be "consistent with the emerging role of savings banks among thrift institutions. He added:

"Indeed, if accumulation plans can be offered at low cost, I should like to argue that savings banks have a duty to provide this supplementary thrift service to those depositors in a position to use it. Except for certain variable annuity contracts and pension programs, the facilities for balanced long-term savings plans are not available through a single institution. This is a demonstrable need which savings banks should undertake to meet."

The bankers' committee also studied and evaluated other data and documents. It concluded:

(1) By offering mutual funds, savings bank would provide a service needed and wanted by depositors of all age groups and income levels.

(2) Public acceptance of contractual and enforced savings is increasing.

(3) In the field of thrift, savings banks are not maintaining their competitive position.

(4) Such a service would help banks to meet changes in the public's savings and investing habits.

(5) Such a service is wholly compatible with the basic philosophy of savings banking.

(6) It would "materially benefit" the banks by increasing the flow of savings deposits.

(7) Savings banks are in a position to offer this facility "as a truly low-cost over - the - counter service."

(8) Even if this service is provided at "a very low cost," it will be an attractive income producer to the banks.

Admittedly, these banks are disturbed by the growth of competition for the thrifty man's dollar. Savings and loan associations, enabled by law to provide a fatter return on money, have provided painful competition. Also vieing strenously for available dollars are the stock market, the mutual funds, government securities (remember the Magic 5s!), pension funds, health insurance plans and many others.

Now, as with the insurance companies, it remains to be seen whether the mutual fund-minded men of the savings banks will be hamstrung by the law. Assuming a green light is flashed, Dr. Murray believes a sufficient volume is attainable to assure economic operation in a comparatively short time.

Mutual fundmen, who know only too well the fabulous record of their own field during the postwar years, will mutter a grudging assent. And, as men who believe in reading for profit, they'll find it to their interest to read the report based on the Murray study.

Funds Report

Electric Bond & Share Co. reports net income for the nine months to Sept. 30 totaled $4,837,610, equal to 92 cents a share. This compares with $5,968,459 and $1.14 in the like 1959 period. The company felt the pinch of the loss of earnings from Cuba and a slowdown in utility plant construction. Net asset value at Sept. 30 was $143,-952,600, or $27.42 a share, or 3% less than that at the close of the second quarter and 10% under the year-earlier level.

* * *

Chemical Fund, Inc. declared a special distribution of 33⅓ cents a share from realized net capital gains, payable Dec. 29 to stock of record Nov. 25. Holders have the option of receiving this distribution in additional shares or may elect to receive cash.

* * *

American Business Shares, Inc. announced a special distribution of net realized security profits would be made on Dec. 29. It will be declared on Dec. 1 to shareholders of record that day. It will be paid in additional shares of stock unless holders elect to receive cash. It is estimated that the amount of the payment will be 15 cents a share.

* * *

The Investment Co. of America declared a dividend of 8 cents a share, payable from net investment income, representing the 98th consecutive quarterly dividend, and a special year-end distribution of 20 cents from net realized security profits. Both are payable Dec. 29, to stock of record Nov. 25.

* * *

In what is believed to be the first distribution of its kind in the history of the mutual fund industry, **UBS Fund of Canada, Ltd.** is making the initial public offering to American investors of its common shares at $10 per share.

Shares of this new investment company are being offered during the initial offering period through newspaper advertisements which are complete reproductions of the fund's prospectus. The double-page prospectus ad, designed to be the actual "point of sale," contains an order form offering the reader an opportunity to buy shares direct-by-mail.

This direct-to-the-investor distribution of shares is being handled by the fund's exclusive underwriter, UBS Distributing Corp. of Boston, a wholly-owned subsidiary of United Business Service Co.

In conjunction with the prospectus ads, the fund's underwriter is offering the UBS Fund of Canada shares by mail. Preprints of the prospectus ads along with other information are being mailed to a select list of potential investors. The initial offering period expires Dec. 31.

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The growth of the mutual fund business since 1940 will be outshadowed by the events of the next 10 years, according to Edward B. Burr, executive vice-president and director of **The One William Street Fund, Inc.**, in a speech to the Wharton Business School Club of New York. Mr. Burr, former executive director of The National Association of Investment Companies, predicts that the industry assets may well grow to $100 billion by 1970 from today's figure of approximately $16 billion.

* * *

Total assets in the **Continental Illinois Investment Trust for Employee Benefit Plans** increased 38.6% during the fiscal year ended Sept. 30, according to the trust's fifth annual report. Assets amounted to $61,757,524 at the close of the year, compared with $44,551,762 a year ago. A total of 222 pension and profit sharing trusts hold units in Continental Illinois Investment Trust, the first of its kind in the country.

The investment trust, divided into fixed income and equity funds, is open to employee benefit plans for which the bank is trustee, a co-trustee or agent. Funds are pooled and managed by the trust department of Continental Illinois National Bank & Trust Co. of Chicago.

* * *

First Investors Corp. (FIC) stated that the total of agreed payments on FIC plans and the amount remaining to be paid on such plans reached an all-time high on Sept. 30. Such total agreed payments on FIC periodic payments plans outstanding (Wellington Fund, Inc., Fundamental Investors, Inc. and Mutual Investment Fund, Inc.) on that date increased to $770,194,956 compared with $663,736,736 on Sept. 30, 1959.

Payments received from planholders for the 12 months ended Sept. 30 amounted to $62,489,922, with the amounts remaining to be paid in on plans outstanding increasing from $420,501,695 on Sept. 30, 1959 to $464,469,993 on Sept. 30, 1960.

* * *

Shares of **Congress Street Fund**, a new Boston-based mutual fund, are being offered to investors desiring to exchange their security holdings in a tax-free transaction, according to Edward C. Johnson 2d, president of the fund, one of the Fidelity Management Group of Mutual Funds. Congress Street Fund, a diversified mutual fund seeking possible long-term growth of capital and income through a diversified and supervised portfolio of common stocks, will be managed by Fidelity Management & Research Co., investment adviser to other investment companies having current combined assets of approximately $450,000,-000. Other funds managed include Fidelity Fund, Fidelity Capital Fund and Puritan Fund. Shares of the new fund are being offered by The Crosby Corp., Boston, and Hornblower & Weeks, Chicago, through authorized dealers.

Mr. Johnson stated that the purpose of Congress Street Fund is to provide individual investors, corporations or trusts with an opportunity to exchange their holdings of low tax cost securities for shares of the fund on a tax-free exchange basis. The minimum amount which may be exchanged is $15,000 of market value of securities. He pointed out that, among other advantages, the participating shareholder would receive diversification and continuous and experienced management. There are many individuals, he stated, who, because of capital gains tax problems, are prevented from achieving such advantages unless they are willing to incur substantial capital gains.

* * *

According to its annual report for the fiscal year ended Sept. 30, total assets of **Franklin Custodian Funds** increased 43% during the past 12 months. For the period, assets climbed to $6,732,836 from $4,691,307 on Sept. 30, 1959. The number of shares outstanding for the period increased to $1,836,147 from 1,170,718.

The Franklin Utilities Series showed the largest increase in net asset value per share, increasing 22% from $5.19 to $6.32. In addition the Common Series increased 1% from $5.61 to $5.67, and the Income Series increased 2% from $2.87 to $2.93. The Bond Series declined in value 7% from $2.70 to $2.50 and Preferred Series went down 7% from $2.83 to $2.64.

According to Charles B. Johnson, President of Franklin Distributors, the national underwriter, sales of new shares during the past year were the highest in the history of Franklin.

* * *

Keystone High - Grade Common Stock Fund Series S-1 reports that between April 1 and Sept. 30 it added Morgan Guaranty Trust Co. of New York, R. J. Reynolds Tobacco and United States Gypsum. During that time it eliminated B. F. Goodrich, Gulf Oil, Lone Star Cement and Pittsburgh Plate Glass.

* * *

Keystone Discount Bond Fund Series B-4 reports that at the end of the Sept. 30 fiscal year per share asset value was $9.08. This compares with $9.43 six months earlier and $9.60 a year earlier.

* * *

Scudder, Stevens & Clark Fund, Inc. declared a capital gain distribution of 59 cents a share, payable Dec. 16 to stock of record Nov. 18.

* * *

Scudder, Stevens & Clark Common Stock Fund, Inc. declared a capital gain distribution of 24 cents a share, payable Dec. 16 to stock of record Nov. 18.

* * *

Delaware Income Fund disclosed purchase of two industrial bonds: Crown Aluminum Industries 7½s of 1977 and Jim Walter 9s of 2000. It also discloses that the sole sale was a position in Scott & Williams, maker of machines that knit hosiery. The fund explained that "possibilities of growth were severely limited."

* * *

Institutional Income Fund declared a quarterly dividend of 9 cents a share from investment income, payable Jan. 3 to stock of record Dec. 1.

* * *

Fundemental Investors, Inc. declared a fourth quarter dividend of 6½ cents a share from net investment income, payable Dec. 27 to stock of record Dec. 1. The total of 23 cents per share for 1960 is the same as in 1959.

* * *

Diversified Growth Stock Fund, Inc. declared a semi-annual dividend of 3 cents a share from net investment income, payable Dec. 27 to stock of record Dec. 1.

* * *

Southwestern Investors, Inc. Dallas-based mutual fund, reports net assets have topped $3,000,000.

Mutual Fund Assets Show Slight Change

The 161 open-end or mutual fund members of the National Association of Investment Companies reported combined net assets of $15,643,690,000 at the end of October, slightly above the $15,638,-828,000 at the end of September and $15,080,583,000 at the end of October last year. These figures do not include those for the closed-end fund members of the N.A.I.C.

Mutual fund member companies of N.A.I.C. have a total of 4.8 million shareholder accounts, representing holdings of an estimated 2.5 million individual and institutional shareholders.

Purchases of shares in October of this year totaled $149,640,000, compared with $171,081,000 the month before; and $183,083,000 in October a year ago.

During the first 10 months of the year investors purchased $1,-765,568,000 of mutual fund shares below the total of $1,921,978,000 purchased during the comparable period in 1959.

Redemptions of shares during October were down from the month before, with member companies reporting a total of $61,-400,000 in October, compared with $64,876,000 in September. Redemptions in October a year ago amounted to $53,309,000. Redemptions for the first 10 months of this year totaled $710,659,000, somewhat above the total of $667,286,000 recorded in the first 10 months of 1959.

In the 1960 period redemptions actually took place at a lower rate —4.5% average assets—than in the 1959 period when investors redeemed shares valued at 4.7% of average assets.

Accumulation plans for the purchase of mutual fund shares on a periodic payment basis continued to attract investors, N.A.I.C. reported, with 28,747 voluntary and contractual plans opened in October the month before and 28,989 in tober. This compared with 28,186 October of 1959.

Sullivan Co. Incorporated

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—W. D. Sullivan & Company, Inc., a corporation, has been formed to continue the investment business of W. D. Sullivan & Co., Terminal Tower. Officers are William D. Sullivan, President, James A. Ward, Vice-President and Treasurer, and R. F. Gruber, Secretary.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Work or Play? It's Up to You.

There are some salesmen, and other people as well, who still believe that constructive, directed, intelligent work will prove to be productive even today. Not everyone is goldbricking their way through life. The difference between the top salesman in every organization and those who are on the other side of the fence is partially one of attitude.

Last week I was in New York City and I talked with some old friends. Social calls being out during business hours I met them for lunch and after the market closed. I wish some of the new men in this business had the opportunity to meet these old timers who are still putting in a day's work that is just about as full of activity as they achieved 20 years ago. When you see a man who is deep in his fifties working away at 3 p.m. talking with clients, keeping two secretaries busy, playing tennis on weekends and still approaching each day with an open mind that is ready to learn and achieve new realms of productivity, you wonder why so many salesmen in the investment business think this thing starts at 10 o'clock and ends at 3:30. Of course, not everyone can be a tyro of activity, but the answer to success in the securities business will always begin with a W and end with a K. It is plain old-fashioned work that produces results.

This Isn't a Pitchman's Paradise

During the past several years there has been an excellent opportunity for new men to break into the investment business and to coast along on the wave of speculative activity that has carried many news issues to immediate premiums. Speculative glamour stocks have been in the forefront of the public's eye and the salesman who has made some friends, joined a club or two, or just got up and talked profit, wherever and whenever he could, has had very little difficulty in obtaining orders which he has transmitted into substantial commissions. Many of these accounts which bought such securities have no other idea about investing except than to obtain a quick, and if possible, substantial profit, based upon the particular mob madness prevailing at the moment. Some of these people are also substantial security buyers, but the salesman who has sold them new issues and stopped there will never know it. The one shot, or two shot salesman, has just gone along with the tide—he has not built a clientele. There is a vast difference between becoming a completely prepared and adequately equipped security salesman and an order taker. This cannot be learned in a few months—it takes years and years to do it.

He Knew It All

While on my trip I talked with another salesman who has been in this business about 30 years. He has serviced accounts through up and down markets all through the depression until today. The other day a friendly client asked my friend to dine with him. After he consented, he was asked if he would mind if the friend brought another guest along who was a young man and also was in the securities business. He accepted, but somewhat against his better judgment, because when this salesman gets through with his busy day he isn't in much of a mood to talk more shop with another Wall Streeter, especially one who has limited experience. He told me that this young fellow knew just about all the answers and he wouldn't let anyone challenge his opinions.

It is very unusual to see a young man enter any business and buckle down to hard knocks, keep his mouth shut, listen, and learn something today. This certainly is the only way to get started and since there is so much to learn, the challenge so great, and the outlook constantly changing, I would like to quote my friend when he described this evening of dubious pleasure. "I still don't know much about this business but this young fellow knew it all. When I asked him how long he had been an account executive, he answered, three months."

Work at It

The difference between a hot-shot, one or two-time salesman, who picks up the telephone and opens accounts only because he can offer some speculative offerings, and a salesman is fundamentally one of attitude. The salesman builds ACCOUNTS. He discovers what people own, what their investment objectives happen to be, he builds a list of their holdings, he keeps records, he becomes close to them, and he helps them buy and sell securities so that they will increase their income and capital over the years—at least this is the stated objective — not coralling some fast profits that may be here today and gone tomorrow.

In order to do this you must keep records, study your accounts, telephone them regularly, advise them on changes and reported facts pertaining to their securities and you must work at it constantly. Any man that does this and who studies several hours a day (at least) will make a great success in this business. It is production that brings results in this or any other activity. Production is the result of directed, intelligent, effort, applied by a man who knows the virtue of perseverance.

Seligman, Union Service Quarter Century Club

The Quarter Century Club of J. & W. Seligman & Co. and Union Service Corporation inducted two new members at the Club's annual luncheon meeting. The new members are Mrs. Helene A. Gillingham, of the machine bookkeeping department, and Charles Bihr, head of the runners department.

J. & W. Seligman & Co., founded in 1864, is one of the oldest member firms of the New York Stock Exchange, and is widely-known as a leading investment management and brokerage house.

Union Service Corporation is the organization which provides investment research and administrative service on an at-cost, non-profit basis for Tri-Continental Corporation.

Mrs. Gillingham and Mr. Bihr bring to 51 the total of active members of the Quarter Century Club. This is almost 25% of the 219 employees of the two organizations. Thirty-five employees have been with the firms more than 30 years.

Oldest member is Herbert S Bachman, a Seligman employee for 61 years.

Adirondack Ind. Common Offered

Adirondack Industries, Inc., Dolgeville, N. Y., manufacturer of baseball bats and bowling pins, offered on Nov. 22, 120,000 shares of $1 par value common stock through an underwriting group headed by Shearson, Hammill & Co. The offering price is $10.00 per share. Fifty thousand shares are being sold by the company and 70,000 shares are being sold by the estate of Edwin D. McLaughlin, founder of the business. This is the first public offering of the company's shares.

Adirondack Industries, Inc., has been for many years a major manufacturer of a wide variety of baseball and softball bats sold throughout the U. S. and in Canada, Latin America and the Orient. Its bats are used by major and minor league professional baseball clubs, and by the Babe Ruth, Pony, and Little Leagues, as well as by the general public.

The company also manufactures solid wood and plastic coated, laminated bowling pins, and is expanding its production to meet the growing demand which has resulted from the increasing popularity of bowling and the opening of new bowling lanes. Adirondack Industries makes dowels for tool handles as well, and expects to begin production of water skis in January, 1961. Products distributed by the company are completely manufactured by it from the log stage.

Net proceeds from the sale of the shares by the company are required for general corporate purposes due to the increased needs of the business and will be used to finance accounts receivable and inventories.

Harold H. Schumacher, President of the National Athletic Goods Manufacturing Association and a former pitcher for the New York *Giants*, has been an executive of the company since he retired from organized baseball in 1947.

Logan Phillips Joins Scharff & Jones

JACKSON, Miss.—Logan B. Phillips has been appointed manager of the Jackson office of Scharff & Jones, Inc., in the First National Bank Building. Mr. Phillips was formerly an officer of Phillips, Galtney & Company.

Emmett H. Walker, Jr. has also joined the Jackson office as North Mississippi representative.

Goodbody 25-Year Club

At the 12th annual dinner of the Quarter Century Club of Goodbody & Co., 11 new members were admitted, lifting the membership roll to 68. Goodbody & Co., 2 Broadway, New York City, established 1891, have memberships in the New York Stock Exchange, American Stock Exchange and other leading security and commodity exchanges.

Harold P. Goodbody, senior partner of the firm welcomed the new members to the organization. Among the group was Frederic H. Hahn, a partner, who joined the firm in 1935.

Simon Heads Mutual Fund Dept. for Hemphill, Noyes

Hemphill, Noyes & Co., 15 Broad Street, New York City, members of the New York Stock Exchange and other principal securities exchanges, announce that Donald A. Simon has become associated with the firm as manager of its Mutual Funds Department.

Mr. Simon had been previously with Francis I. du Pont & Co. as an account executive specializing in mutual funds. He is a member of the Investment Association of New York and of the Speakers Bureau of the New York Stock Exchange.

AS WE SEE IT *Continued from page 1*

dertakes to guide, if not direct, what goes on in the field of international finance. It is proving an all but impossible task. We are finding, and we shall no doubt continue to find, the complexities of the economic world far beyond the ability of the wisest among us to "manage" the economy, whether it be in the relatively restricted field of international finance or the broader field in which events in one way or another govern not only international finance but all the economic changes about us. Time was when no one supposed for a moment that there was or ever would be men, or groups of men, wise enough to govern the intricate mechanism of international finance. But those were the days when the gold standard was observed and when movements of gold far less pronounced than we have experienced during the past few years were permitted to have their natural effects upon financial affairs. Gold outflow, if substantial enough, would cause money rates to rise—since bank funds became automatically less abundant. Credit by the same token was less abundant, and the sensitive prices of international goods tended to decline. The domestic market became less attractive to foreign exporters and domestic producers became more competitive in foreign markets. Higher interest rates tended to attract foreign funds. Thus the basic situation was altered in such a way that the original imbalance was removed—all without the conscious direction of any man or group of men.

Insulating Gold Exports

Now we say—with our tongue in our cheek—that we are on some sort of modified gold standard, and we begin to worry when our huge stock of gold begins to get down to a point that suggests the possibility that it may presently force some sort of adjustment in the money market — although no one doubts that steps would be taken to prevent any such event. In other words gold movements from this country to other lands do not have any such effect as they once did and we may take it for certain that they will not be permitted to do so. This leaves the situation dependent upon steps taken by the authorities which they in their wisdom think will rectify the adverse aspects of the current situation. The automatic governor is gone, and we must proceed to replace it with arbitrary action usually controlled by politicians.

Clearly many of the changes that are now so conspicuous are war-born. They arise from the dislocations of war and its aftermath, but many of them also stem from New Deal tinkering with our financial and economic systems. And so, we study the facts and find, for example, that we—the government—are spending too much money abroad either in the maintenance of military establishments or in grants-in-aid of one sort or another. The first task seems therefore to be to reduce the outflow of funds which the national government controls. It is to that task that the Administration in Washington is now addressing itself. But a good many of these outlays are not immediately under our control. We have commitments and we find ourselves in severe competition with the Communist world for the goodwill of many peoples in many areas. To reduce our outlays often requires that we persuade some of our friends and allies to replace them with grants of their own—many of whom we have placed on their feet following the end of the war.

Not the End of the Story

But that is by no means the end of the story. We find that our playing fast and loose with our fiscal affairs, our tinkering with credit, and our favors to the farmers and the labor unions have pushed our prices so high that we are not really competitive in many foreign markets for many types of goods. Hence we are not able to export as readily as we otherwise might and as we need to do to keep our international accounts in order. We have been all too ready to try to remedy this situation at home by tariffs and various other devices which make it difficult for the foreign producer to sell in our domestic market. Somehow we must find a way to become more competitive both at home and abroad—and this seems to suggest that we shall have to put aside some of the cherished New Deal notions and policies. This, politically speaking, is a large order—and even apart from the political difficulties by which it is surrounded it is a procedure, the practical application of which is far from simple and easy.

Again, as we have pointed out in this space on more than one occasion, we find that the making of interest rates arbitrarily low tends to drive foreign funds away and thus to place a further strain upon our balance of payments and ultimately upon our gold stock. Here is a situation which is very close to the hearts of most of the economic managers of the day, many of whom seem to suppose than an effective way to banish the business cycle is found in the manipulation of interest rates and the like. The fact is that we have scarcely made a beginning in righting our foreign financial position.

Tax Measures Awaiting Next Session of Congress

Continued from page 1

to find the mass of the revenue, look to the mass of the base. That is why proposals to increase exemptions are costly. Notwithstanding increased Government expenditures, over forty bills were introduced in the 86th Congress to increase per capita exemptions by $100 or more. Even more bills were introduced which would add a variety of selective exemptions to those now permitted. A $100 increase in exemptions would cost almost $3 billion in revenue.

The second purpose is to remind ourselves that while the merits with respect to issues concerning a variety of different taxes seem isolated, we are always dealing with dollar equivalents. Unfortunately, there is a natural tendency by Congress and others to focus on the merits or demerits of a particular tax in isolation, encouraged by the intense interest of the particular group most directly concerned and the general disinterest or apathy of everyone else. In terms of required levels of revenue and priorities for tax relief, each item is necessarily related to the whole.

Balanced Tax Revision Favored

If and when general relief in the tax burden is feasible, it probably will be a balanced revision and will not be concentrated in any single area. The last major revision occurred in 1954. The reduction in taxes in the order of $7.4 billion provided by the 1954 tax revisions was not concentrated in any single area. The structural changes made by the 1954 Code accounted for $1.4 billion; elimination of the excess profits tax, $2 billion; reduction in excise taxes, $1 billion; and reductions in individual income tax rates, $3 billion.

Notwithstanding the heavy reliance for revenues on the income tax, the tendency since 1954 has been to rely on it even more. The Federal excise tax system has been the target of persistent attack. Each year in Congress the tendency has been to eliminate or reduce an excise tax rate or add a new one to the so-called temporary taxes. Since 1954 the only significant rate reductions have been in the excise tax field.

The admissions tax, which yielded $313 million in 1953 and $106 million in 1955 (after the 1954 rate and exemption changes), is now yielding only $35 million as a result of subsequent changes. The repeal of the tax on transportation of property and oil by pipeline in 1958 reduced revenues by about $500 million annually. The reduction in the cabaret tax, effective May 1, 1960, has cut its yield by about $20 million a year. Important relief for farmers resulted from the provision in 1956 for refund of tax on gasoline used on the farm. In fiscal 1960 these refunds totaled almost $80 million.

In 1959 an effort was made to repeal the 10% transportation tax on persons and the 10% general telephone tax. While these efforts were defeated, the tax on transportation of persons was added to the list of temporary taxes and scheduled for reduction to 5% at the end of the next fiscal year, and the telephone tax was scheduled to terminate after the next fiscal year unless extended by Congress.

Thus, two more excise taxes have been added to the temporary corporate rate and temporary excise tax rates on distilled spirits, beer, wines, passenger automobiles, and automobile parts and accessories that were established by the Revenue Act of 1951. The temporary rates originally were scheduled to terminate on March 31, 1954, but have been extended on a one-year basis from March 31, 1954, through 1956, for 15 months in 1957, and again on a one-year basis each year thereafter.

As many know, the rate extension bill this year once again postpones for one more year the scheduled reductions. Had this legislation not been enacted, the reduction of the corporate income tax (through a reduction of the normal tax from 30% to 25%) and various excise taxes would have resulted in a loss of revenue of over $4 billion a year. The corporate income tax would have accounted for $2.5 billion of this amount and the total excise taxes for a little over $1.5 billion. Almost $600 million of the possible excise tax reductions would have been attributable to the repeal of the general telephone tax and a reduction from 10% to 5% of the tax on transportation of persons.

Tax Levies Must Be Reviewed Next June

Necessarily, all of these tax rates must come under review again by June 30 of 1961. The scheduled reduction or repeal, as the case may be, will occur as a matter of course in the absence of affirmative action by the Congress.

Another temporary tax is scheduled to end on June 30, 1961. This is the one-cent-per-gallon increase in highway fuel taxes enacted in 1959 to help maintain the highway trust fund on a self-supporting basis. In 1959 the Administration requested an increase in the highway fuel taxes of 1½ cents per gallon for the period July 1, 1959 to June 30, 1964. This request would have maintained the trust fund on a self-supporting basis and would have assured availability of the entire Federal-aid highway authorizations for 1961 and 1962 to be made in 1959 and 1960.

The Congress enacted the temporary one-cent increase in the motor fuel taxes for the period Oct. 1, 1959 to June 30, 1961, and provided the revenues to permit authorizations for 1961 and 1962 by diverting from general fund revenues substantial parts of the taxes on passenger cars and parts and accessories for the fiscal year 1962 to 1964. Under the Congressional action the 1961 authorization could not be made in full.

The Commerce Department and its Bureau of Public Roads are scheduled to submit new reports to the Congress in January, 1961, giving estimates of the cost of completing the interstate highway system and recommendations on the allocation of cost to future highway users. Thus, it is apparent that the conduct and financing of the Federal highway program will be a must item on the Congressional agenda next year. To the extent the fuel tax is not used for this purpose, either the highway program must be slowed down, new revenues must be found, or general budgetary receipts must be diverted to the highway program.

The coming debate on the financing of the highway program and the action that will be taken by the Congress will indicate whether there is wilingness to finance specific programs from user taxes, such as the gasoline tax, or whether even more burden is to be placed on the income tax, or possibly deficit financing. Diversion of excise taxes which now go into the general fund, such as taxes on passenger cars and parts and accessories, is an indirect method for increasing our reliance on the income tax to produce our budget receipts.

The temporary rate extensions periodically force attention on certain particular taxes and tax rates, but not upon the over-all rate structure. Among those coming up for review by June 30, 1961, perhaps the most controversial are the transportation tax on persons, the telephone tax, and the one-cent increase in the fuel tax. These three items alone place into question, in terms of the proper distribution of the tax burden, over a billion dollars of revenue.

Proposals on Broadening the Tax Base

Turning to the structure of our income tax system, the Compendium of Papers and Panel Discussions in connection with the Ways and Means Committee Hearings on Broadening the Tax Base in the fall of 1959 included suggestions that substantial reduction in rates without cost to the revenue could be achieved by eliminating or reducing provisions which erode the tax base.

There appears to be wide agreement in theory among many divergent groups that lower rates and fewer exceptions and preferences would produce a sounder, more equitable and less complex tax system. Disagreement emerges, however, as each item or exception that might be eliminated is brought into sharp focus. There is also disagreement as to the practical possibilities of broadening the tax base sufficiently to permit significant reductions in individual and corporate income tax rates, without sacrificing the revenues needed by government.

A number of witnesses at the fall hearings last year urged that compression of the rate structure is the overriding must in terms of priority and action, arguing that loopholes and preferences would become of diminishing importance as rates are brought down.

Altogether apart from the equities of the situation, it is apparent at this time that a compression in the rate structure can be achieved only at very substantial sacrifice of revenue, notwithstanding the fact that very little revenue is derived from the upper brackets.

Assuming rate reform entails substantial loss of revenue, the question of fiscal policy arises as to whether it is prudent to permit the elimination of a surplus for debt retirement or even to chance a substantial deficit in a period of strong business activity. If we do not attempt to maintain the level of receipts necessary, over a period of years, to meet our expenditures, net deficits accumulate and the national debt rises. Experience since the end of the second World War indicates that it is much easier to achieve a budget deficit in a recession than a surplus in a period of economic expansion. Lack of sufficient surpluses in prosperous years has resulted in an increase of $30 billion in the public debt since the end of 1946.

Surpluses or Inflation

It is heartening to move, in a period of only 12 months, from a deficit of $12.4 billion to a surplus of over a billion dollars in fiscal 1960. These efforts should be continued. To do otherwise is to impose the cruelest tax of all, inflation. This is not just a matter of the welfare of the country in

terms of its domestic economy. Permitting net deficits for indefinite periods can only undermine the confidence of all the countries in the Free World for whom the dollar is now the reserve currency.

When one considers the level of expenditures approved by the Congress, the built-in expenditures in the Federal budget from programs approved in the past over which the Administration has no control, the domestic and foreign commitments accepted by both major parties, and the level of our national debt, the prospects for a reduction in the over-all tax burden are not promising.

One might speculate upon the possible or potential increase in revenue generated by rate reduction. No speculation is needed, however, to measure the unfairness of substantial tax differentials between competing enterprises.

Insurance Company Taxation

In an effort to make the tax laws more equitable and strengthen the revenues, the Administration urged the Congress in 1959 to enact a new plan for taxing the income of life insurance companies.

The Life Insurance Company Income Tax Act of 1959 brought to fruition several years' effort to obtain more permanent and equitable legislation in the life insurance area. Since 1921, life insurance companies, both stock and mutual, have been taxed only on a portion of their net investment income. The various deductions for policyholder needs and the measure of the taxable margin of investment income has for years been computed with reference to an industry-wide average rather on an individual company basis. The various tax formulas have completely ignored underwriting profits.

The new legislation measures the taxable margin of investment income on an individual company basis and provides for the recognition of the previously disregarded underwriting gains.

The most difficult and time-consuming aspect of devising an appropriate tax plan was the necessity and effort to find a method that did not give a competitive advantage to mutual over stock companies or the reverse.

Recently more than one committee in Congress has expressed concern about the disparity in tax treatment between stock and mutual fire and casualty insurance companies. A series of conferences has been held in the Treasury with representatives of such companies with a view to developing a proper solution to the problem.

Stock Companies Pay Highest Rates

Stock fire and casualty companies pay on the basis of the application of the regular corporate income tax rates to the combined net income from underwriting and from investments. Mutual fire and casualty companies on the other hand are generally subject to a tax on 1% of their gross income (consisting of net premiums plus gross investment income) or, in the alternative, if the alternative tax results in a higher tax, the regular corporate tax applicable only to the net investment income and the capital gains tax on the capital gains. Reciprocals and inter-insurers are subject only to the tax on net investment income. Mutual fire insurance companies operating on the perpetual plan and mutual marine insurance companies are excluded from the mutual company provisions and are taxed like stock companies.

It is too early to state whether the current studies and discussions will soon result in a proposed revision of the tax law in this area. I can say, however, that this is one of a number of examples of disparity in tax treatment that merit attention. It will be a recurring problem in the coming years until a proper solution is found.

Cooperatives Nontaxable

The Treasury has not been successful in the past few years in achieving appropriate legislation for the taxation of cooperatives. Here, again, the problem is primarily one of equity among competing enterprises rather than one of revenue. Cooperatives have grown in size with retained but nontaxed profits and compete with other business enterprises which bear heavy tax burdens. A cooperative may deduct all amounts allocated to patrons even though such amounts are retained in the business. The amounts so allocated to patrons have been held nontaxable to the patrons because the paper certificate evidencing the allocation has no ascertainable fair market value to the patron when received. The Treasury submitted proposed legislation for cooperatives in 1958 and 1959. Other recommendations were discussed in the Ways and Means Committee hearings on broadening the tax base last fall.

Problems raised by disparity of tax treatment between competing concerns are easier to identify than to solve. Some of the proposed solutions run counter to deep-seated convictions. Accordingly, it would be presumptuous to predict that efforts to solve some of these problems will be accorded the highest priority in Congress.

Business Entertainment Deductions to Be Reviewed

An examination of some legislation in the 86th Congress gives a clue to matters that are definitely going to be considered in the 87th Congress. Certainly one is the matter of business deductions for entertainment expenses. As many know, the public debt limit and rate extension bill of 1960 passed the Senate with an amendment which would disallow deductions for entertainment expenses, other than expenses paid or incurred for food or beverages, limit gift-expense deductions with respect to any donee to $10 per year, and prohibit deductions for club dues and initiation fees.

This amendment was dropped by the House and Senate conferees. There was submitted a statutory requirement that the Joint Committee on Internal Revenue Taxation make a thorough investigation of this subject and report to the House and to the Senate the results of its investigation as soon as practicable during the 87th Congress, together with recommendations for changes in the law and administrative practices. The conferees' substitute amendment also directed the Secretary of the Treasury to report during the next Congress to the House and the Senate the results of the enforcement program of the Internal Revenue Service which was announced in April of 1960.

There are indications of abuses in some quarters where taxpayers deduct vacations and personal expenses as business expenses. Ideally, this is a problem that should be solved by administrative measures and improved taxpayer cooperation. Unless the problem can be handled in this way, it is possible that certain types of expenditures will be completely barred, even when they are undertaken for legitimate business reasons.

Proposals for Withholding Tax On Interest and Dividends

Further consideration of proposed statutory withholding in connection with dividend and interest income will undoubtedly be given intensive consideration. In this connection, presumably a close look will be given to the results of the Treasury's nation-wide cooperative and voluntary program to improve and increase the reporting of dividends and interest by taxpayers.

Thus far the major problem has been in the area of interest income and other nonwithheld items, not in dividend reporting. However, major Congressional attention has been given to withholding on dividends. The indications to date are that through the cooperative educational program, coupled with increased enforcement, the reporting of dividends and interest has been much improved in returns covering the year 1959. We shall have more complete information, however, at the end of this year.

Withholding may seem to some to be the easy answer, but it raises a number of difficult problems, particularly in connection with interest income. Legislation for the sake of legislation, legislation that ignores the major area of the gap by focusing only on dividends or by setting a ceiling under which amounts distributed would not be subject to withholding, would be costly not only to management but also to the Internal Revenue Service, and would be ineffective for purposes of closing the gap.

4% Tax Credit to Be Debated

A third item that will be debated is the 4% dividend-received credit. This issue is older than the 1954 Code which made provision for the present credit. It was not until 1936 that complete double taxation of corporate income was provided by our tax laws. In 1913, dividends were exempt from the individual normal tax, which was then 1%. When the exemption for dividends from the normal tax was dropped in 1936, the normal tax had reached 4%. Accordingly, the old exemption of dividends from the first 4% of tax was equivalent to the present 4% dividend-received credit.

The House version of the 1954 Code provided for a 5% dividend-received credit in the case of dividends received after July 31, 1954, and before Aug. 1, 1955, and a 10% credit in any case of dividends received after July 31, 1955. The dividend-received credit was eliminated in its entirety on the Senate floor. The 4% credit emerged from conference. In connection with the Rate Extension Bills in 1959 and 1960, the Senate again voted amendments to eliminate the credit. Each time the credit survived in conference. This history, standing alone, indicates the likelihood of another battle over the credit in 1961. Efforts to defeat the dividend credit undoubtedly will be spurred by the citing in the platform of one of the two major political parties the "special consideration for recipients of dividend income" as one of "the more conspicuous loopholes."

Space does not permit discussion of all the legislation in the 86th Congress that was under intensive consideration but failed of action in the rush toward adjournment. Examples are the proposed revisions of Subchapters C, J, and K of the Internal Revenue Code, dealing with corporations, trusts, and partnerships. Proposed revisions of Subchapters J and K had reached a fairly advanced stage in the legislative process. The proposed revisions in Subchapter C are still under consideration by the Ways and Means Committee.

The Self-Employed Retirement Fund Proposal

I shall not venture to guess whether H. R. 10, relating to retirement income for the self-employed, in the form as it passed the House will be revived and debated on the merits, or whether efforts will be made to achieve more consistent rules for retirement and profit-sharing plans as between incorporated and unincorporated enterprises. The Treasury and the Internal Revenue Service are in the process of bringing up to date a statistical study of qualified pension and profit-sharing plans and also subjecting numerous plans to a study in depth. The purpose of these studies is to obtain up-to-date information concerning the characteristics and practical effects of such plans. It is anticipated that the results of the studies will be available for consideration by the Congress next year.

Other items that were pending at the close of the 86th Congress and that will undoubtedly be given further consideration include the tax treatment of antitrust divestitures, the taxation of foreign-source income, laws relating to Federal tax liens, and the deduction of so-called lobbying expenses to the extent that they otherwise qualify as ordinary and necessary business expenses.

It is likely that depreciation will receive attention in the next Congress. While the depreciation changes made since 1953 have, we believe, made a substantial contribution to the economy of the country, there have been many suggestions in the last two or three years for further revision and liberalization of depreciation allowances. It is frequently pointed out that many of the highly industrialized nations of the world with which we compete have depreciation allowances which are considerably more liberal than those of this country.

In most such nations, however, a so-called balancing charge is made on the sale of depreciable property which recoups in ordinary income the amount of the depreciation taken. This makes depreciation merely a matter of timing.

Depreciation Tax Measures

To facilitate sound administration of the depreciation provisions, the President's Budget Message last January recommended legislation which would treat income from the sale of depreciable property as ordinary income to the extent of the depreciation deductions previously taken on the property. This proposal was designed to make it possible for revenue agents to accept more readily business judgments as to the useful life and salvage value of depreciable property. It would discourage attempts to claim excessive depreciation in order to create capital gains on disposal of overdepreciated property. H. R. 10491 and H. R. 10492, similar bills, were introduced to carry out this recommendation. However, this legislation was not enacted.

Before depreciation rules can be substantially liberalized administratively, permitting more flexibility of choice on the part of the taxpayer, we believe Section 1231 should be amended as proposed in the President's Budget Message. This would, among other things, permit taxpayers to select a zero salvage value and thus eliminate a problem that has been a headache to both the Internal Revenue Service and to taxpayers.

By the same token, such an amendment to the Code should accompany any proposed liberalization relating to rates of depreciation for tax purposes.

Depreciation practices, based as they are on the taxpayer's own experience as to useful life, vary appreciably. Therefore, in the absence of a thorough knowledge of current practices, legislative changes dealing with statutory lives conceivably could do more harm than good. The Treasury in July initiated a survey to obtain information on current depreciation practices and opinions of business both large and small. This survey is being conducted in cooperation with the Small Business Administration to insure effective representation and coverage of small firms. The information received will be tabulated and available early next year and should be of value to both the Congress and the Treasury in appraising proposals for further changes in the depreciation laws.

Nation Must Pay Its Way

I do not pretend that the foregoing discussion is comprehensive, but I know that the statute of limitations on my discourse has run its course. In discussing the future in terms of the present and the past, one deals with numerous imponderables. Nevertheless, I believe most of the items I have mentioned will be given consideration by the lawmakers in the next Congress. I hope and trust that there will be overriding agreement that we must maintain the level of receipts necessary, over a period of years, to meet our expenditures. To do otherwise would be self-defeating. This means responsible decisions must be made in assigning priorities to government programs and government expenditures and in shaping the manner in which the revenues are to be provided. In the words of Secretary Anderson: "A nation as rich and productive as ours must, in times of prosperity, at least pay its way. We can afford to do all that is necessary, and much that is desirable, and pay for it. But we should not reach for everything, at the same time."

*An address by Mr. Lindsay before the 13th Annual Federal Tax Conference of the University of Chicago Law School, Chicago, Ill.

Berman Leasing Common Marketed

Eastman Dillon, Union Securities & Co. headed a group offering publicly, on Nov. 22, 430,000 shs. of Berman Leasing Co. common stock priced at $14 a share. This is the first public offering of the company's common stock.

Of the block being offered, 200,000 shares are being sold by the company and 230,000 by certain stockholders.

Proceeds from sale of the company's 200,000 shares will be added to corporate funds.

Berman Leasing, with headquarters at Pennsburg, Pa., is the outgrowth of a business founded more than 50 years ago by Joseph Berman, father of the present owners. It is engaged primarily in the leasing of trucks, tractors, trailers and related equipment to industrial and commercial users east of the Mississippi. Among the customers are railroads, common and contract motor carriers and nationally known companies engaged in the food, dairy, chemical and other manufacturing industries.

In connection with its leasing activities, the company furnishes extensive transportation advisory services, which inclde advice concerning the type of equipment to be used, the conducting of driver training and traffic safety programs, and instructions in proper loading techniques and geographic routing. The company does not provide drivers under either type of lease. On last June 30, the company owned 6,850 vehicles.

For the fiscal year ended June 30, 1960, the company reported gross income of $21,802,030 and net income of $1,010,739 which compared with gross income of $16,627,098 and net of $1,078,648 for the previous fiscal year.

It is the present intention of directors to consider dividend payments starting in 1961 of quarterly cash dividends and an annual stock dividend, subject to future business conditions.

Capitalization of the company on June 30, 1960, adjusted to reflect the current sale of common stock, consists of $24,886,045 in long-term debt and 1,030,000 shares of common stock of $1 par value per share.

Resurgence of Foreign Borrowing in the U. S.

Continued from page 5

Buyers of foreign dollar bonds underwritten and offered here have included European, Canadian and other foreign investors as well as U. S. investors. As previously noted, about 22% of the World Bank's publicly offered dollar bonds are held by investors outside the United States. No firm estimates are available as to the amount of foreign dollar bond offerings here which have been purchased by investors outside the United States. In some cases we know the percentage has been very large. In others, United States investors have taken a larger percentage of the issue.

The reasons European or other non-United States investors have had greater interest than the United States investor in foreign dollar bond offerings in this market are not hard to find, although assessing their relative weight may be difficult. The reasons include:

(1) Many of the issues have been European and the European buyer may have had a better appreciation of the credit.

(2) The foreign buyer may also have been interested in acquiring a dollar obligation of his own country or another foreign issuer.

(3) The European and other non-United States investor may have had more experience in international lending and finance and may have had more sophistication or more confidence in assuming these risks.

(4) There is no United States withholding tax on the interest paid on such foreign dollar bonds to non-resident aliens.

(5) In some countries abroad the individual holder of bonds pays less tax on the income than the United States holder does.

(6) In some cases the foreign buyer of foreign dollar bonds offered here has been able to obtain a higher return than on bonds available in his own market.

Domestic Obstacles to Foreign Offerings

Although considerable progress has been made in developing the interest of U. S. investors in foreign bonds, there have been and continue to be obstacles to broadening the interest. Many of them are the converse of the reasons previously cited.

(1) The demand for capital in the United States is so great and the alternative attractive investment opportunities for institutional and individual funds are so numerous that the United States investor is not easily tempted by foreign bonds (foreign shares are another matter, as I have already indicated).

(2) The personal income tax in the United States is now so high that there is little incentive for the individual of means to purchase a foreign (or even a domestic) bond the income on which is taxable. This contrasts sharply with the situation in the 1920's when individual income taxes were much lower and American individuals were large buyers of foreign dollar bonds. In recent years the funds available in our capital market for purchases of taxable bonds have increasingly been in the hands of our institutional investors, such as insurance companies, savings banks and trust companies, pension funds and investment trusts.

(3) The memory of previous defaults and suspensions of service connected with the Great Depression, exchange difficulties and the war lingers in some minds, although I must state that the actual record is much better than some bad memories would have us believe. Virtually all free world governments have cured previous defaults or suspensions of service, and difficulties arising from inflation and unsound fiscal and monetary policies have been substantially reduced in many countries.

(4) There are some obstacles because of the laws of various states restricting or prohibiting the purchase of foreign bonds by institutional investors or trustees.

(5) During the 1930s and 1940s there was little foreign lending done by American institutional investors. There has therefore been perhaps less experience by many present personnel of American institutions in lending abroad and less familiarity with foreign credits. This, I am happy to say, is changing quite perceptibly due in part to increased interest in international affairs and to the role which investment bankers have played in informing and educating American investors about foreign securities.

Despite some of the obstacles to which I have referred, the American interest in foreign portfolio investments as well as in direct investments has increased significantly in recent years. I expect it to continue to increase despite intermittent Congos and Cubas because the strength and interdependence of the free world—including the economic and financial relations between nations—are so much greater. American direct investors have had good overall results on their investments abroad. The American interest in foreign obligations has also increased and should expand further. Changing interest rate relationships between the capital markets and other factors will, of course, have their effect. In some cases and at some times an interest rate which will appeal to European buyers of foreign dollar bond issues may reduce or eliminate its appeal to American investors.

An Unique Issue

One interesting example of an offering being tailored to American buyers to increase their interest in foreign bonds was the direct placement of $25 million Kingdom of Belgium 5¼% bonds in 1959. As long as these bonds are held by the original or other approved United States institutional investors, they earn an extra ¾ of 1%, or a total of 6% per annum. If held by non-approved investors only the regular coupon rate of 5¼% is paid. This device was used to secure and retain the American institutional investor's interest.

Direct or private placements of foreign issues with institutional investors have advantages and disadvantages. European buyers generally want a quoted market for their securities and are not interested in direct placements. Advantages include exemption—under certain conditions — from registration requirements of the Securities and Exchange Commission which are sometimes time-consuming and difficult, and add to the expense for the issuer. The interest cost to the issuer, however, is generally higher on a direct placement and generally offsets the registration expense and commissions on a public offering.

Registration Problems

In the case of public offering of securities by foreign corporations, our SEC registration and disclosure requirements have sometimes presented problems. Many foreign corporations do not follow standard American accounting practices or have been reluctant to disclose their affairs in the manner to which United States corporations have become accustomed. Nevertheless, four foreign corporate issues have been publicly offered in the United States in recent years — Royal Dutch Petroleum Company shares, Montecatini debentures with warrants to purchase shares, and two issues for KLM Royal Dutch Airlines, one of shares and one of debentures convertible into shares. In view of the need of many foreign corporations for capital and the American market's greater interest in foreign shares or in bonds having conversion or equity features, and with an increased tendency of foreign corporations to adjust to greater disclosures requirements, it is to be expected that the United States capital market will see increased offerings of such foreign corporate issues. In many countries seeking capital — such as Japan — foreign exchange and other regulations and corporate practices may have to be adjusted to permit such foreign issues by corporations, but efforts in this direction are going forward and the future will probably see an increase in such issues in our market.

In their underwriting and distributing and private placement of foreign securities, the American investment bankers not only have an important role to play in the education of investors and in providing their professional services to their clients. They also have a responsibility to see that high standards and good financial practices are maintained — which was not always the case in the foreign flotations of the 1920s. The maintenance of high standards and of good financial practices is of value not only to the investors in securities but also to those who seek continued access to the United States capital market.

The Reverse Flow of Funds

Aside from their role in underwriting and distributing, or directly placing with institutional investors, new issues of foreign securities, our American investment bankers have also been interested and active in the development of capital markets abroad, especially in the less-developed countries. Often in cooperation with the World Bank or the Development Loan Fund or both, there have been established local development banks or industrial financing banks in many countries. American investment bankers have played an active role in assisting in the formation of and in obtaining United States capital participation for such institutions in, for example, India, Iran, and Pakistan. Our investment bankers have also participated in several specialized financing companies here and abroad which devote themselves to foreign equity or commercial financing, or specialized export financing not handled by commercial banks. Many of these operations are special risk situations often involving the less-developed areas.

In view of the war devastation, the great development needs, and the special political and economic factors in the field of international finance, we have several national and international governmental lending and investment institutions and programs at work to supplement private investment. They have become almost too numerous to mention. They include the World Bank and its affiliates—the International Finance Corporation and the new International Development Association. They include the new Inter-American Development Bank and our own Export-Import Bank, the Development Loan Fund, and the International Cooperation Administration, not to mention other related aid and lending activities carried on by our Agriculture and Treasury Departments, and by the International Monetary Fund. I am sure that the administrators of these organizations would agree that necessary and useful as many of these institutions are, they and the proposed additional regional programs and organizations cannot solve many of our difficult and intractable problems and that private international investment has its own special and important contribution to make for which no government institution can be a substitute.

I am confident that the administrators of these national and international agencies operating in the field of international finance will use their imagination and abilities to increase even further the possibilities for cooperation with private finance and private enterprise. Through its joint operations in the capital market to which I have referred —and in many other ways—the World Bank has fostered private investment and private enterprise. The International Finance Corporation by its charter and policies is dedicated to encouraging private enterprise and private investment. Our own national agencies have been helpful in assisting the development of private enterprise with private capital participation. But there is always the danger that some of these agencies in their zeal to do their job may do what private capital could do better. They may not always go the extra mile to permit or to try to arrange private capital participation and encourage private investment and enterprise here and abroad. From my own experience in governmental and private activities I know it is sometimes difficult to draw the line, but an acute consciousness of the problem makes good solutions more likely.

Special Political Risks

The field of international finance is subject to special political risks and uncertainties not found in domestic finance. We all know what foreign governments and corporations must do to encourage foreign private investment and I shall not recite again in this paper what must be done by foreign nations to make investment in their countries attractive. Suffice it to say, private investment and private enterprise cannot be compelled to enter a country —they must be attracted. But I wish to express the hope that our national agencies and the international agencies will make even greater efforts to get maximum private capital participation and the great benefits of individual enterprise flowing to our friends abroad wherever possible. Perhaps forbearance by these agencies in making some loans is required if finance can in due time be arranged by private capital at reasonable rates. Perhaps greater thought and effort to get private participation — even if it takes somewhat longer — may be required. Perhaps the more ingenious and flexible use and expansion of the guarantee programs can reduce the special risks in foreign investment in some areas for both portfolio and direct investors. These and other possibilities call for hard, extra, imaginative effort by all of us—in Government and in private activity—if we wish private capital and private enterprise to play a growing role in the vital task of economic development which faces the whole free world.

As the theme of the National Foreign Trade Convention suggests, "Mutual Confidence Built on Integrity and Performance is Essential for Expanding International Trade and Investment." Investment bankers are perhaps more acutely aware of this than other groups. Integrity—integrity of contracts and of people — the will to meet obligations and commitments—are indispensable. And performance encompasses the ability to pay and meet commitments. Without these the essential mutual confidence for foreign investment cannot be established and maintained.

Partnership participation by the national and international lending and investing institutions in the special risks of foreign investment will help. More flexible and imaginative use of our guarantee programs for both portfolio and direct investors will help. Proposals for an international body operated by governments, to insure overseas investors, in return for a suitable premium, against political risks, and proposals for a code of fair treatment for foreign investors and for means of arbitrating and enforcing investors' rights deserve careful study. But none of these can take the place of integrity based on the rule of law and order and morality between nations—on good faith and fair dealings coupled with performance and commitments and agreements. Without these basic qualities to build mutual confidence we may well see private investment and private enterprise dwindle rather than flourish.

Need for Private Capital

As we consider the vast economic development needs abroad, it seems clear that we need not less but much more private investment to do the job. The capital needs of countries abroad for economic development far exceed the amount of local savings and the loans and aid that can realistically be expected from national and international institutions and from aid programs. Not only is the amount available from private capital potentially many times as great as the amount that can be expected from government sources. Private foreign investment also brings with it the flow of ideas and enterprise and managerial and technical skills, which are often the items in shortest supply. It is a catalyst which ferments and stimulates greater individual initiative, better methods, more jobs and higher living standards.

For the great economic development job in the world we need not only more private capital but more individual initiative and private enterprise of the socially conscious and competitive type which we have in the United States today. We need greater freedom from controls and government intervention. We need tax reforms to encourage enterprise, savings, investment and growth both here and abroad. In brief, we need governments who desire to release and encourage the constructive energies and talents of millions of individuals so we can move forward in freedom and strength.

I am sure the investment banking community is aware of the needs and complexities of the modern world. And we are certain that with resolution and increased efforts ways and means can be found for deriving the greater benefits for all from the experience, the good-will and the objectivity that private investment can bring to the solution of the challenging task of promoting sound economic development, higher living standards, and greater freedom in the world.

*An address by Mr. Overby at the International Finance Session of the Forty-Seventh National Foreign Trade Convention, New York City, November 14, 1960.

Form Greendale Associates

ARDSLEY, N. Y.—Greendale Associates is conducting a securities business from offices at 3 Agnes Circle. Partners are Eugene Kenner, Gilbert Kerbel, Herman Kerbel, Aaron Welish.

To Be Kemper Partner

LIMA, Ohio — Leslie E. Howell will become a limited partner in John A. Kemper & Company, 121 West High Street, members of the New York and Midwest Stock Exchanges, on Nov. 23.

Reasons for Optimism On the Business Outlook

Continued from page 3

riod of economic adjustment. The problem is to go to work to make the necessary adjustments and get the economy moving ahead again as soon as possible.

Business Upturn on Horizon

I believe there is good reason to anticipate that the current adjustment phase of the business cycle can be carried through in the next six-nine months, and that the economy may well be moving ahead again in the second half of next year. The rise in production and employment from early 1958 to mid-1960 was accompanied by a few of the excesses that often appear in such periods. There has been little speculation, no boom in plant and equipment expenditures, and business inventories do not appear top-heavy as they were in some past periods.

This lack of general excess throughout the economy reflects, in part, the fact that 1960 is a year in which business and individuals have been adjusting to an environment of relative price stability. This can be seen most clearly in the case of business inventories. In previous periods of good business, inventories were built up rapidly. For example, business added $17 billion to inventories in 1950-51, and $10½ billion in 1955-56. In an atmosphere of rising prices and shortages, it pays to build inventories.

At the end of the steel strike of 1959, business seemed poised for another round of inventory building. But then the atmosphere changed. Industrial prices held steady. Suppliers were amply endowed with productive capacity so that deliveries could be made in short order. As a result, businesses across the nation refrained from buying more than their current requirements and turned to economizing on inventories. They were aided in this process by the use of electronic computers and new inventory control methods.

The immediate impact of this move by business to operate with relatively less inventory was a lower level of orders and production which contributed to the economic slow-down this year. However, in the longer run, the drive to economize on inventories, if it continues, should have extremely constructive results. It makes possible a more effective use of our resources, thus contributing to economic growth.

The advent of reasonable stability in the price level has also influenced business decisions to invest in new plant and equipment, as well as individuals' decisions to buy new homes and such major items as automobiles. It no longer pays to build ahead Indeed, business must plan its investment programs more carefully, since mistakes can be more costly than was the case in an inflationary era. And consumers will buy only if they are offered attractive products and good values.

Inflation Not Dead

The immediate impact of the process of shifting from an atmosphere of creeping inflation to one of price stability was bound to be unsettling. Yet, in the larger sense, this adjustment is necessary to lay the foundation for genuine growth and prosperity in the future. I, for one, am far from certain that inflation has been laid to rest. I believe it will take hard and resolute efforts to maintain price stability. But, I devoutly hope that these efforts will be continued, for they can yield impressive returns in the form of a far larger measure of genuine economic growth than would be possible under inflationary policies.

It seems to me that these three factors—over-optimistic expectations, the normal operation of the business cycle, and the adjustments to stable prices—help explain our failure to move ahead in 1960. At the same time, I believe that taken as a group, these factors can prove to have had a favorable result in the future.

If we realize that we must take a positive effort to achieve a good rate of economic growth, we will already have taken one of the most important steps towards growth. If we understand that the process of growth involves the sort of adjustments that make up the business cycle, then we can work through the adjustments with the knowledge that the cycle can be turned up again. And if we adjust successfully to price stability, and succeed in holding prices stable, we have created a conditions most favorable for future growth.

As a matter of fact, these adjustments have been going on, not only during 1960, but during the past 4-5 years. During much of this period they have been obscured by the ups and downs of the business cycle and by such developments as the Suez crisis and the steel strike. But when one stands back and takes a long-term look at trends in our economy since the end of World War II, it seems clear that a definite change in the factors underlying our growth took place in the period after 1955. Because much of the recent discussion of this matter of growth has been confusing, it is important to try to spell out carefully what has happened.

Our Growth Rate

From 1947 through 1955, our total national production measured in constant prices moved ahead along a growth trend yielding a 4% per annum advance. This did not involve a constant 4% rise each year, since we had two definite business cycles during that period. The rate of advance was greater than 4% in good years, and there was some decline in the recession years of 1949 and 1953. But the general trend was upwards at the 4% per annum figure.

It should also be remembered that this period 1947 through 1955 was one in which the aftermath effects of World War II and the disrupting effects of the Korean War were most important. Backlogs of demand had to be worked off, most industries were short of capacity, the financial system was very liquid, and annual wage increases consistently outpaced the advance in the economy's efficiency or productivity. This was also an era of inflation—industrial prices rose on an average of 3% per annum.

The underlying economic conditions have been quite different since the end of 1955. Most businesses by now have built ample capacity to handle demand, so the era of shortages has disappeared. In the past few years, national economic policies have been directed toward ending inflation. In part, this was in response to similar actions in other industrialized nations, and such policies have been effective. Industrial prices have risen on an average of only 1% per year since early 1956, and there has actually been a small decline in the index of industrial prices in the past year. The cost of living index has, to be sure, continued to creep higher, but that is largely due to rising prices for services, part of which represents quality improvements such as better medical care which the indexes cannot measure.

At the same time, the nation's growth slowed down. In the period from early 1956 to present, our average annual rate of economic advance has been a bit more than 2%. However, it would be wrong to leap to the conclusion that the nation has suddenly and irrevocably shifted from a basic growth trend of 4% per annum to one of 2% per annum. For one thing, a four or five year period is too short a time to establish a firm fix on our real growth trend. There have been times in our history when growth has slowed for periods that long or longer, only to be resumed at a higher rate. Moreover, as I indicated earlier, the nation has been going through the adjustment process involved in shifting from expectations of inflation to conditions of reasonably stable prices.

As our experience shows, particularly in the past year, this is a difficult process. Yet it can lay the groundwork for a solid advance in the future. For inflation is an artificial stimulant to buying which gives a false sense of prosperity and growth. Once the adjustment to price stability has been made, we should be in a position to move ahead again at a pace of true industrial expansion at least as rapid as that in the early postwar period.

Great Prosperity Potential

It seems to me that the opportunities for substantial growth and prosperity are as great, if not greater, today than was the case a year ago. The factors creating a potential for growth are real and, indeed, impressive. But before summarizing them. I should again stress the fact that they are long-term factors, operating over a decade or so. Their influence will be gradual, rather than sudden and dramatic. Furthermore, these long term factors do not guarantee economic growth. Rather, they provide a favorable climate in which hard and imaginative work can produce an era of economic advance. Let us see what they are.

First, our growing population is a basic factor favoring economic expansion. The working population will grow more rapidly in the Sixties than in the Fifties. If we are successful in providing jobs for all these new workers, our rate of growth from this factor alone would be ½ of 1% per annum higher than in the 1950's. At the same time, population growth provides marketing opportunities which could lift demand for goods and services, and help achieve a high and rising level of production and employment.

In the period between now and 1965, population in the 15-19 year age group will increase 29%, and that in the 20-24 year group will rise by one-fifth. This automatically means that in the second half of the decade, the number in the 20-24 age group will rise by almost 30% while the 25-29 year group will grow by one-fifth. I am sure that all of us have personal knowledge of the needs and aspirations for goods and services on the part of teenagers and newly married people. This is by all odds the most dynamic segment of the market for many kinds of products including automobiles, appliances, housing and clothing.

R. & D. Expenditures

Another basic factor favoring economic growth is the vast effort the nation is undertaking in the field of research and development. Estimates are that we are now devoting $12½ billion a year to these programs, six times the figure in the early postwar period. Thus, our research effort is of an entirely different dimension than in the past. Because of the time required to carry our research, develop new products and bring them to market (a process which may take as much as eight years on the average), we are just beginning to see the effects of the large increases in research expenditures during the 1950's. It is possible that we can make the Sixties an era of unprecedented technical advance.

The ever-broadening distribution of incomes in America is also a factor that supports economic advance by expanding markets for goods and services. The great majority of our families earn annual incomes in excess of $4,000 a year, and can afford better homes, more appliances, vacations, and many items that used to be classed as luxuries. It is interesting that two of the growth markets in recent years are swimming pools and power boats. One of the striking characteristics of the American economy, and one which is little understood around the world, is the fact that the benefits of progress have been so broadly shared.

As we move ahead, it is clear that this great middle income market will continue to develop and prosper. At the same time, one of our problems will be to make wise use of the affluence that seems within our grasp. There are many encouraging signs that people are becoming more concerned about the development of cultural and spiritual values. For example, attendance at museums and symphony concerts is on the rise. Expenditures for books and education are rising rapidly — to the point, indeed, where publishing is regarded by the stock market as one of the growth industries. Yet we must be increasingly concerned that we make the most constructive possible use of our growing affluences. America's place in history is more likely to be judged on our contributions in the field of ideas, and our organization of a free and just society, than by mere numbers of television sets, swimming pools or summer homes.

The fact that economic growth has become an accepted goal throughout the free world is also important in evaluating our economic prospects. It has been estimated that 80% of the world's population lives in nations where the growth process is only starting to get underway. From the point of view of our political as well as our humanitarian interests, we need to support and encourage rising standards of living in the less developed areas. With vast needs for investment capital, enterprise and increasing trade and communication among nations, it should be possible to sustain, and perhaps even accelerate, economic advance throughout the Free World. This is one of the major challenges of our times. If we are to achieve our broad objective of a world at peace in which free men have the opportunity to lead lives of purpose and fulfillment we must rise to this challenge both at home and abroad.

When you add together all the factors that favor economic growth in the United States, it seems to me that the outlook is most promising. With a growing population, steadily broadening consumer markets, increasing emphasis on education, rapid advances in science and technology, and tremendous needs for more production at home and abroad we are presented with great opportunities.

No Room for Complacency

However, we cannot hope to take advantage of these opportunities if we accept with complacency things as they are. The experience of 1960 shows that the promise of economic advance can be brought to reality only by sustained effort on the part of the entire community—otherwise the pace will lag.

What do we have to do to insure a satisfactory growth rate? It seems to me that the first requirement is that our nation needs to develop a more conscious sense of purpose and unity than has existed in recent years. Growth is above all else a function of the fundamental fabric and attitude of a society. A nation which is dedicated to the purpose of freedom and opportunity for all individuals will develop institutions that are vital and growing; institutions which support constructive changes and provide incentives for growth in all fields. While our nation has made notable progress along these lines in recent years, we have not yet, as a nation, managed to focus our efforts towards an expanding horizon of opportunity. Too much of our thinking, and too many of our national policies and actions, are rooted in the stagnation of the 1930's. We need to lift our sights, to appreciate our strengths and our ability to move ahead, and to develop broad national support for policies that will encourage advance.

By working to develop such understanding and support for forward-looking policies, we can create an atmosphere in which we can cope successfully with the very real problems the nation faces. President-elect Kennedy has shown a genuine concern for the necessity to quicken the nation's economic growth. In order to act realistically and successfully, I believe he must support positive and constructive action in three broad fields.

New Administration Can Help

First, the new Administration must work to increase the nation's rate of investment in new plant and equipment. The lag in economic growth in the past four to five years is directly related to a lag in business capital investment. Such investment has increased less than 2% per annum; far too slow a pace to support vigorous economic growth. As a result of this lag in investment, our rate of modernization has slowed to the point where the average age of equipment in use has been increasing. It has gone up from 8½ years in 1955 to more than 9 years today. Instead of modernizing our productive machine by investing 11% of total national production in new and more productive plant and equipment, we have allowed the rate of investment to sink almost to 9%. Total private investment will run to no more than $48 billion this year. A figure of $55 billion would be required if the nation is to modernize its industry in a manner that would support substantial economic growth.

What then could be done to increase our rate of investment? I believe there is urgent need for tax reform to reduce the burden now placed on saving and investment. No other industrial nation places such a severe burden as we do on the forces that support modernization and growth. I firmly believe that we must be prepared to reduce this burden if we are to move ahead in a satisfactory manner. It is encouraging that President-elect Kennedy has stated that he favors liberalizing the treatment of depreciation for tax purposes. To my mind, this is one of the important steps that could be taken. But that may not be enough. We as a nation may have to face up to the question as to whether a corporate income tax that takes 52% of all earnings above a certain minimum is consistent with our national objective of a more rapid rate of economic growth.

A second broad field in which the new Administration must act is concerned with our balance of international payments. As you know, we have been running a serious imbalance of such payments for the past three years, and in the process we have lost

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Reasons for Optimism On the Business Outlook

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$4½ billion of gold. We still have gold stocks of more than $18 billion—by far the largest of any nation in the world. However, the continuing drain means that action must be taken promptly to make certain that the integrity of the dollar is maintained.

Anti-Inflation Policies

This means that we must contain inflation by realistic monetary policies, by fiscal policies that yield a balanced budget in times of prosperity and by wage-price policies that keep us competitive in world markets. President-elect Kennedy, in a recent statement on the balance of payments problem, indicated his concern over these facts and his intention to deal realistically with them. I believe he must follow through along the lines laid down in his statement if the United States is to fulfill its role of leadership in the Free World. A nation with a weak currency cannot expect to exercise leadership. Yet this nation, by acting responsibly and resolutely, can maintain a sound dollar and honor its vast obligations to support the defense and progress of the Free World.

A third broad field with which the new Administration and the nation generally must be concerned is that of management, both in business and in government. As our society becomes more complex, the problem of providing the necessary managerial skills multiplies many-fold. In my view, we need to do much more in business and government to select talented individuals, to provide the necessary training, and, above all, to offer challenging opportunities to such individuals. These are demanding times, and they call for a maximum effort on the part of all and for the fullest development of each individual's abilities.

At the same time, there is need for greater development of managerial skill and leadership. Today the emphasis has to be on the organization of diverse talents into teams which can bring professional knowledge to bear on the complicated problems at hand. This process requires leadership, of the broadest scope, leadership which can guide the decisions and actions of organizations into constructive channels.

It is in this field that I believe business can make its greatest contribution to the future growth and prosperity of the nation. Business must press ahead constantly in order to develop new products and improve existing ones, to work to increase productive efficiency, to provide rewarding experiences for individuals, and to maintain its status as good citizens in the community. Thus, business can make its maximum contribution by managing the affairs of business with greater effectiveness and imagination. And this is a big job—one sometimes forgets the fact that four-fifths of all the goods and services produced in our American economy are provided by private business.

Confidence in New Government

As I look to the future, I see many problems to confront us, but also many new vistas to unknown horizons. The nation has just emerged from an election which, by a dramatically narrow margin, will transfer the executive branch of government to Democratic hands. History bears out the fact that any such transfer results in a period of uncertainty. It will be some weeks, or even months, before key appointments are made and new policies are adopted. Yet, I have confidence that the forces at work in the nation and in the world will impel the new Administration to deal responsibly and constructively with the broad problems I have discussed.

Thus, I believe there is reason to hope that we will work through this period of uncertainty on the political front and adjustment on the economic front, and that we will begin to move ahead again some time next year. Indeed, we must marshall our vast strength and face up to our problems if we are to meet the responsibilities which our position in the world imposes on us. By doing so successfully, we can still make this decade the era of exciting and rewarding opportunities for individuals in America and throughout the Free World, which was what we hoped for a year ago.

*An address by Mr. Rockefeller before the Treasurers' Club of Cleveland, Ohio, Nov. 16, 1960.

Investment Opportunities in Today's Depressed Market

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ern Hemisphere is about 3,300,000 tons. If we should reach the stage where the switch was complete from tin plate to aluminum there would not be enough aluminum produced in this entire hemisphere to meet the demand for the can industry alone. I do not expect such a change to take place overnight. However, if only 5% to 10% of the canning industry turned to aluminum cans, we would find the increased demand taking care of excess supplies.

I would point out here, too, that the shares of the four listed aluminum companies are selling sharply below even the 1959 average high of $75 to the present figure of $39 a share. It would seem that aluminum shares have also well discounted the temporary problems of over-production and over-capacity which may be corrected rather quickly in perhaps the not too distant future.

The Drug Industry

One of my favorite industries is the drug group for a number of reasons. There are a great many factors working in favor of this particular industry. We are in the happy position of producing over 4 million babies a year. Obviously, these children receive far better medical care than we did in our day and they are also far healthier. None of us will stint on the care we give our infants.

The world has an unlimited number of diseases which are still unconquered. A large part of the world is still without medical treatment. This industry is in the interesting position of being probably the only industry that can double or treble its sales with no new investment. It is estimated that sales for this industry can rise by three-quarters of a billion to one billion dollars in the next three or four years, that is about a 33 to 50% increase over last year's sales.

By 1970, it is estimated we will have 50 million children under 10 years of age and 20 million persons over 64. This latter group will require a great deal of medication. While many will get into their 90s without any help, it is obvious that on a mathematical basis that most will need continuing geriatric help. What is very important is that this over-64 age group is able to pay for its health care. Health plans, Social Security payments, pension funds and other income allows our over-65 group to retire and live fairly comfortably.

I would like to throw out a few statistics on the industry to those who feel that the industry has matured. The two greatest killers today for which we have no cure are heart disease and cancer. Some progress has been made in the alleviation of heart disease, but as yet there is no known cure. A cure for the common cold could result in annual sales running into the several billion dollar class. As recently as 1954, there was no such item as a mental health drug. Today this field alone accounts for some $200,000,000 of sales. There are approximately 750,000 hospital beds continually occupied by the mentally ill. Until very recent years only 15% of the patients admitted to such hospitals ever returned to society. Now only about 15% of those admitted are detained. Only this spring, Hoffman-LaRoche introduced librium for this field. Prescriptions in March ran at a 60,000 a month rate. Today 500,000 such prescriptions are written.

This is an industry that spends enormous sums on research. Merck, Lederle and Lilly have spent over $100 million in the past 10 years on research. Despite the blast which came out of certain committee hearings in Washington this spring about the cost of drugs to the public, it should be noted that the drug companies investigated some 114,000 substances in 1958, of which only 40 became marketed as new drugs.

We mentioned heart disease earlier and the lack of a cure at the present time. I would point out that Vick Chemical (now Richardson Merrill Labs) has developed a product, Mer-29, which removes cholesterol deposits from around the heart. While doctors disagree as to whether cholesterol is the cause of heart disease, we do know that a cholesterol count of 260 or higher has resulted in coronaries in one out of four cases. With the odds against the high cholesterol patient, it would seem that this company is in for a rather heavy volume of sales.

While not purely a drug item, Mead Johnson developed "Metrecal," a weight-reducing food supplement. From a zero sales position in January, sales are believed now at a $6 million a month rate. Since it is estimated that we have about 40 million overweight persons in the U. S., the sales potential would still appear to be quite great.

Both Merck and Schering have come up with excellent products for the alleviation of arthritis, a disease which has had crippling effects on a great many people.

Merck has also done considerable work in the mental health field.

It is interesting to note that deaths resulting from influenza and pneumonia have declined 85% in as brief a span as 25 years due almost entirely to anti-biotics.

I would like to cite one statistic. The number of prescriptions written today is nine times as great per capita as in 1940. This means that the simple drugstore proprietary item which presumably served its purpose in 1940 has now been supplanted by the $6 to $8 prescription for one of the newer, broad spectrum antibiotics. However, if this antibiotic serves to avoid even a two-day stay in the hospital, it has more than paid for itself and society is far better off from the research done by the drug industry. The stockholder also does rather well in this group.

Electronics and Automation

Certainly the fields of Electronics-Automation and Automatic Data Processing Equipment indicate excellent growth prospects. Taking the field of Electronic Data Processing Equipment, we find that while tremendous strides have been made, the market has been barely scratched. Keep in mind that one of seven workers in the U. S. is employed in a clerical capacity—the need to keep costs in line is imperative for every major industry. As paper work increases, the need for simpler, more economical means of handling becomes acute. Electronic Data Processing is the answer in many cases. The market for automatic equipment has grown from $47 million in 1954 to $350 million last year and is expected to crowd the $1 billion figure by the end of this decade.

Just consider one unit, General Electrics' ERMA, installed by the Bank of America, which reads, sorts and posts to 33,000 bank accounts in an hour. A skilled bookkeeper can handle only 245 such postings. There are many other companies in this and collateral fields — that is: supplying forms, magnetic tape, registers and computers—IBM, National Cash Register. Burroughs, Minnesota Mining, that are all worth checking for potential growth.

The fields of packaging, materials handling, stamping assembly lines of all sorts, lend themselves to automated production. Machines which sort, feed, fasten and inspect, present some of the really new frontiers for investment managers to analyze.

As some may know, Texas Instruments recently installed a machine developed by IBM, for the production of transistors. These transistors are turned out at the rate of 1,800 an hour—five times any previous production rate and to tolerances of 5/10,000ths of an inch. Some of the six parts assembled by this automated genius can rest on the head of a pin.

In the field of electronics, we have literally hundreds of companies. All of the above names are prominent in this field. Don't overlook one of the great research organizations, American Telephone & Telegraph's Bell Laboratories.

Unfortunately, space will not permit me to go into detail on each industry with a promising outlook. However, a brief look at some may prove worthwhile.

Naturally, a question uppermost in our minds is how the recent Presidential election will affect business. This much we know. Defense is assured of a step-up in spending. The aircraft-missile companies appear certain to benefit from the enlarged outlays. Douglas, North American Aviation, Lockheed, Boeing, appear interesting. The group seems thoroughly sold out and should see an earnings improvement in the year ahead.

Boeing has recently increased its quarterly dividend rate from 25 cents to 40 cents. Douglas despite a loss of $12 million, moved up several points, indicating a strong technical position.

The space age is definitely here. The companies supplying systems and fuels should enjoy higher sales in the years ahead.

The machine tool industry has been in a depression for the past three years. It is inconceivable that all the above mechanical marvels can come about without new tools. The industry currently estimates there is a replacement demand of $1.8 billion for equipment if this automated age is to get into high gear.

Probably the best known machine tool company, Cincinnati Milling Machine, on the N.Y.S.E., sells to yield over 5%.

The vending machine field offers extremely interesting possibilities. Universal Match has developed a machine recently exhibited at Macy's in New York City, which delivers merchandise, not 40 but 168 hours per week, substantially reducing labor costs and sharply increasing sales time. This machine sells merchandise up to $9.00 in value, changes up to a $5.00 bill. Automatically rejects counterfeit bills and coins, washers, etc., and even Canadian bills. This machine never gets tired or irritable or careless, which can happen to a harried clerk. Pilferage which can be heavy could be eliminated.

Another machine developed in conjunction with Universal Controls has been in use at a race track in Chicago. You can place your $5 in this machine on your favorite oateater, receiving your mutuel ticket in two seconds. You do have to go to the cashier's window to collect if you win. This machine is adaptable to movie theatres—will supply the required number of adult and children's tickets — when fed the proper amount of money gives change, etc. Ticket sellers could disappear from some of our financially hard-pressed theatres.

Public Utilities

We come to one of the soundest industries of all, one with an assured, built-in growth and with minimum risks, that is, the public utility industry. Here we have a quasi monopoly in that it is highly unlikely that two companies would be permitted to operate in the same community. While regulated, we find that public service commissions have been quite reasonable in their treatment of these companies, for several reasons. The companies, by the large, have been sensible in their requests for rate increases. The public service commissions, on their part, have been intelligent enough to realize that these companies have to be given an adequate rate of return if they are to provide the service we are all accustomed to having.

In our drug company discussion, we mentioned the 4 million babies coming into the U. S. every year. Household help is difficult to obtain today, so we find a constant increase in the numbers of washers, dryers and other mechanical gadgets around the house. All are nice, big power consumers. We are all aware of the number of radios in the home to the point where there is virtually one in every room. The two-TV home today is no longer a novelty. The big growth in color TV is still ahead, coincident with a step-up in revenues for the utility companies. It is estimated that a black and white TV costs the homeowner about 50 cents a month for power. Color TV, it is estimated, will cost two and a half times that. The increased use of electronic and automated equipment which we discussed before will also mean considerable increase in power usage.

Most public utilities shares in today's market yield from 4 to 5% depending on quality, growth prospects, and area served. With what appears to be a most solid, built-in growth, these companies should treat stockholders as well in the future as they have in the past, and they have done very well by the stockholders over the last 15 years. For those who tend to view utilities as a nice but relatively static industry, I might express one thought and statistic —that is the trend to househeating by electricity. The average consumption today of electricity is some 3,300 kilowatt hours per capita. To heat the average house requires some 22,000 kilowatt hours per year, a potential six and a half times increase in power usage. This is not something into the distant future—it is with us

now and may very well be with us in a great big way in a very few years.

Let us briefly cover a few other favored industries.

We know there should be 50 million children under 10 years of age by 1970. Think of the impact on the soft drink field, Coca Cola, Pepsi, Canada Dry. Take a look at the extremely fine sales growth records of American Chicle and Wrigley, which should prove far brighter and profitable in the future — look at the nationally known publishing companies which will be supplying the text books for this exploding population — MacMillan, Crowell-Collier, Prentice-Hall.

Our high schools get the full effect of the crop of post World War II babies next year—they hit the colleges in 1965. Textbook sales, incidentally, have not been affected by recessions—1954, 1957, 1959 were all good textbook sales years.

Each of these industries have bucked the bear trend of the past year.

With the constant trend to a shorter work week, such companies as Brunswick Corp., American Machine & Foundry, Eastman Kodak and others catering to the new leisure class should do well.

Both candidates in the recent election pledged to help the farmer. If promises are fulfilled, the farmer seems likely to have more money. This means more farm equipment sales. Deere & Co. and the others should see a sales and earnings improvement. Deere management recently indicated earnings should about double in the next fiscal year.

Our expanding population, the trend to convenience (canned and frozen) foods should show continued growth. Heinz, Campbell's, California Packing, or any of your own favorite food companies should prosper.

The Stock Market

Rather reluctantly, I have to leave the individual industries and issues and discuss the over-all market.

One of the strongest underlying factors in the market today is the institutional buyer. Pension funds and investment trusts have something like $10 to $12 million to invest every single day. Like anyone, they can turn cautious and hold off investing. However, they have a certain compulsion to keep invested that individual investors do not have. Their shareholders or pensioners are likely apt to become impatient if their funds are not being invested and no income is derived. If these groups hold off for two days, obviously they have $20 to $24 million to invest. If they hold off for three days, an additional $10 to $12 million has to be invested. These funds have to be invested sooner or later. At each stage of a decline some securities are likely to be more and more attractive to them and these institutional buyers can become potent factors in the equity market.

To give you a partial idea of the size of the investment potential of one of these groups, the total assets of the mutual funds **alone** was some $15,700,000,000 at the end of 1959 as against only $2½ billion in 1950. There was an increase of a billion and a half dollars in the assets of mutual funds in 1959 alone. These investors are constantly seeking sound investments at a price. They are shrewd buyers, with good research staffs, and they take a long-range point of view.

Moody's recently pointed out that at the end of September, 175 issues on the NYSE yielded 5% or better, and 69 stocks yielded 6% or more. Considerably less than half this number of high-yielding shares were available at the 1959 year end (92 and 19, respectively).

With $10 to $12 million a day coming into the hands of institutional investors, the availability of generous yielding issues, plus the urgency to invest, would appear to be a natural to turn this market around. These institutions can obviously be big buyers when they do move. Should they decide to resume large-scale buying at a time when we may be at or close to a favorable turn in the economy, this market could take off on a sizeable recovery.

Another factor to consider is the most recent NYSE short position of 4,135,000 shares. The short position has been increasing and is now at the highest point since January, 1959. This means that 4,135,800 shares have to be bought by these short sellers some day. I have found that at the low point of any business cycle or market period that short selling tends to mount, much of it by what we may term amateur shorts. These are traders who become overly pessimistic about business and the stock market. These traders tend to panic rather quickly and cover their exposed positions. While 4,135,000 shares represent only about 1½% of the total shares on the NYSE, an attempt by this group to cover in a rising market could result in sharply higher stock prices.

The market tends to discount a change in business both up or down by about six months. Assuming that the majority of the economists are right in that this modest recession will be reversing itself by next summer, or earlier in some major industries, as I believe, the market may well reverse the current downtrend in the near future.

I would stress this: I have never known a period when every industry moved up marketwise or every industry down. Obviously, you have to be selective. Neither you nor I have ever bought the entire Dow-Jones Averages. We do not buy stocks blindly. Basically, I believe the market is sound. I think we are within 5% of the bottom if we have not already seen it. The old word of selectivity is still with us and careful researching is still one of the best ways to make money.

With the Dow-Jones and the Standard & Poors industrial averages close to the lowest point of the past two years, we can expect a certain amount of tax selling between now and the year end. I do not expect this to be a major influence on the over-all market. I do believe it may furnish an excellent buying opportunity for the shrewd, value-conscious investor.

*Based on an address by Mr. Crane before the New Jersey Bank & Trust Co., Paterson, N. J., Nov. 2, 1960.

Corporate Income Tax and The Return on Investment

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which causes additional and different changes in market shares and earnings over the long run. Those changes which would not have occurred had there been no tax can properly be classed as shifting of the tax burden. It probably is impossible, however, to determine their amount or importance. Consequently, any claim for validity of this theoretical explanation must depend upon its apparent reasonableness.

Given a continually-changing business environment, a tax on corporate net income which tends initially to reduce internally-generated investment funds which could be used to finance change and growth (and a personal income tax which has similar effects on unincorporated businesses), limited access to external funds by some corporations but not by others, and empirical evidence that rates of return (after tax) have not been reduced significantly (on the average for all **profitable** corporations over the long run), it seems reasonable to conclude not only that the corporate income tax burden is borne unequally within the large group of corporations which earn profits and pay tax but also that profitable corporations are able to shift part of the tax burden onto those corporations and other business firms which become unprofitable because of the differential effect of income taxes on ability to obtain investment funds.

Cost-Price Relationships and Forward Shifting

There are two possible methods by which the corporate income tax burden could be shifted forward to consumers. First, the same amount of total production could be sold at higher prices if total spending in the economy were increased. Second, reductions in cost of production might not be accompanied by reductions in selling price, thus causing price to be higher relative to cost without the need for an increase in total spending. By either method, the difference between sales revenue and cost of production could be widened and payment of the corporate income tax could be accomplished without a reduction in the average after-tax rate of return on investment for all profitable corporations over the long run. The fact that both prices and costs were rising (in money terms) over much of this period does not contradict the above statements. They concern relative changes and consider the possibility that the long-run relationship between cost and price might be different because the corporate income tax was levied or increased.

The empirical studies of corporate earnings which showed a long-run increase in the before-tax rate of return on investment also showed a long-run increase in turnover ratio, indicating that more sales dollars were being earned per dollar of investment. The implication is that more effective use of investment allowed the average rate of return to be increased, before tax, and maintained, after tax. That is, it appears that part of the corporate income tax could have been paid out of the savings resulting from more efficient use of investment. Had there been no tax on corporate net income, it could reasonably be expected that competition would have caused these savings to be passed on to consumers in lower prices over the long run. But with all profitable corporations experiencing similar increases in tax obligations (which businessmen typically regard as costs), the savings from more efficient use of investment were offset by another type of cost. Thus, the basis for a competitive decrease in price was eliminated. As a consequence, cost of production plus tax obligation maintained approximately the same relationship to selling price (on the average over the long run), and the corporate income tax was paid by consumers in the form of prices which did not decrease. This process of forward shifting is essentially one of increased prices relative to cost, but it avoids the difficult problem of showing an increase in total spending.

Additional forward shifting to consumers could take the form of price increases supported by an increase in total spending in the economy. If some part of the higher level of total spending would not have occurred in the absence of the corporate income tax, some of the reduction in consumers' real incomes resulting from higher prices could be defined as tax shifting. The corporate income tax could cause an increase in total spending insofar as investment (in the aggregate) is not reduced by the full amount of the tax payment.

As noted above, the corporate income tax is paid mainly out of corporate savings and has little effect on spending by consumers. Since most other taxes reduce consumption spending to a greater extent, the net effect of using the corporate tax instead of other taxes is to increase spending by consumers but not to change spending by government. (The amount of government spending is assumed not to be affected by the types of taxes used.) Total spending in the economy is the sum of spending by consumers, investors and government. If the sum of spending by consumers and government increased, total spending would rise unless spending by investors were decreased by an amount equal to the increase in spending by consumers.

Although the corporate income tax has discouraging effects on investment because it initially reduces earnings, the increased spending by businesses' two main customers, consumers and government, would have a counteracting stimulative effect on investment. On balance, the corporate income tax would not be wholly discouraging and investment spending might not be decreased by the full amount of the increase in spending by consumers. With total spending in the economy at a higher level than it would have been in the absence of this particular form of tax (the increased spending financed most likely out of an expansion of bank credit), part of the corporate income tax burden could be shifted forward in higher prices.

Conclusion

What is the significance of this analysis? First, the corporate income tax places an excessive burden on those firms which are heavily dependent upon retained earnings for new investment funds. This might be corrected by excluding from the definition of taxable corporate net income a normal return on stockholders' investment and, possibly, some amount of retained earnings for growth. Second, the relative importance of the corporate income tax in the revenue system might well be excessive if a large part of the burden is on consumers rather than stockholders. Congress might react differently to a sales tax, as such, than to a sales tax disguised as a tax on corporate profits. Whether a reduction in yield of the corporate income tax should be replaced by a Federal sales tax or by increases in existing taxes is not an easy decision, but the above analysis strongly suggests that a sales tax would not be inappropriate. Third, it is suggested that traditional economic analysis does not adequately take into account such important long-run changes as the development and introduction of new and improved products and cost-reducing methods of production and the widespread practice of financing these changes largely out of retained earnings.

F. W. Allen Opens

(Special to The Financial Chronicle)

CLEARWATER, Fla. — Fred W. Allen is conducting a securities business from offices at 1742 Cypress Avenue, Belleair.

Form Foures Inc.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—Foures, Inc. has been formed with offices at 40 West Kellogg Boulevard to engage in a securities business.

John Nuveen Co. Elects Four V.-Ps.

John Nuveen & Co., national investment banking firm, has elected as Vice-Presidents four veteran employees, it was announced by

Paul A. Hakanen

Edward V. Vallely

J. David Everard

Wilbur G. Inman

Chester L. Laing, President. The new officers are Paul A. Hakanen, Vice-President and Sales Manager; Edward V. Vallely, Vice-President and Manager of Trading; J. David Everard, Vice-President and New York Manager of Underwriting; and Wilbur G. Inman, Vice-President and Chicago Manager of Underwriting.

With headquarters in New York and Chicago and Regional offices in Atlanta, Boston, Columbus, Detroit, Los Angeles, Miami, Omaha, Seattle and St. Paul, John Nuveen & Co. is the oldest and largest organization in the United States dealing in tax-free Public (Municipal) Bonds exclusively.

Mr. Hakanen joined the Nuveen firm in 1941 and was appointed General Sales Manager in 1956, and is headquartered in the Chicago office, 135 South La Salle Street.

Mr. Vallely, a 35-year veteran of LaSalle Street investment banking circles, became associated with John Nuveen & Co. in 1944 as a member of its Trading Department in Chicago and has been Manager of the company's Trading Department since 1951.

Mr. Everard became associated with the Nuveen organization in 1940 and has been a member of its underwriting staff since 1946. He was appointed an Assistant Manager in Chicago of the company's Underwriting Department in 1957, and was transferred to the New York office, 25 Broad Street, in 1959 as New York Manager of the Underwriting Department.

Mr. Inman became associated with the company in 1937 and became its Cashier and Assistant to the Treasurer. He served briefly in the Sales Department of John Nuveen & Co. and was transferred to its Underwriting Department in 1947. He was appointed an Assistant Manager of the Department in Chicago in 1957 and was named Chicago Manager earlier this year.

Future Growth Associates

MINEOLA, N. Y.—Future Growth Associates, Inc. has been formed with offices at 194 Old Country Road (c/o Hoffman & Altimari) to engage in a securities business.

Melvin Hirsch Opens

WESTBURY, N. Y.—Melvin Hirsch is engaging in a securities business from offices at 510 Queen Street.

STATE OF TRADE AND INDUSTRY

Continued from page 4

business picks up enough to offset the automotive decline, steel operations are likely to slide next month.

The magazine outlines latest automotive steel buying plans this way:

Chrysler Corp.'s layoffs and production cutbacks Nov. 28 coincide with the fact that the company pushed one week of December steel into January. Some November tonnage had already been moved into December, indicating the state of November-December orders.

Ford Motor Co. has also been pulling tonnage out of December and deferring it to January. It is believed the company's January tonnage will reflect an "honest" car production schedule. In other words, the January ordering is based on what the company definitely intends to turn out that month.

January production of cars at Ford looks better than December. This indicates Ford, and probably others, will use November-December to cut down on inventory of new cars—still well over 900,000 units.

So far, General Motors has not been cutting back much on steel orders. This is because GM apparently has been more conservative and realistic in gauging its car output in the first place, the *Iron Age* comments.

The automotive cutbacks are a factor in the magazine's conclusion that December will probably be the low month for the year for steel.

In the over-all market, there are only a few scattered favorable signs. November brought some improvement in shipments of bars, sheets and structurals. These are scattered by geography and market, and can not be called a trend.

Meanwhile, mills are still plagued by rush orders and demands for quick delivery. Reports from market areas show a large bulk of tonnage shipped this month will have been ordered in November.

This accounts for much of the uncertainty in the market — and also for some of the false starts. Mills today do not know what the December order pattern will be and won't know until well into the month.

36% of Metalworking Plants Will Hike Capacity in 1961

Over one-third of the nation's metalworking plants expects to expand production capacity next year by building new plants or additions or by buying new equipment, *Steel*, the metalworking weekly, said.

Its survey of 7,450 general managers of metalworking plants indicates production capacity will be increased 3.5% in 1961. That forecast compares with increases of 4.5% this year and 2.6% in 1959.

Small plants will expand more than will big ones.

Of those expecting to increase capacity, 15% will build new plants; 27% will build additions; and 57% will buy equipment.

Automakers are already preparing 1962 model introductions, *Steel* reported. Most of the '62 tooling programs will be let by Dec. 15. Some are out now.

At least three more compacts will be introduced next fall. Ford and Chevrolet are scheduling models larger than Corvair and Falcon but smaller than 1961's standard sized cars. Studebaker-Packard will also have a new compact.

The farther away you get from the highly populated, heavily industrialized centers, the more you are inclined to think our economy is in a fairly healthy condition, the metalworking weekly noted.

No area is without problems, but the South, Southwest, and West seem to be better off than others. Business activity appears to be holding in the East and Central, but there are signs of weakness in many indicators. Business trends in the Midwest are less encouraging than in any other part of the country. This area has felt the steel industry's rapid decline in the second half.

Steel production will reach 100 million tons this year if operations remain at the current level the magazine said. That output would be sixth largest in the industry's history and 6.5 million tons more than 1959's.

Operations probably won't get out of the low fifties unless there's a sharp increase in automotive demand; they could dip below 50% if major markets weaken.

Since steelmakers must pay double time and a quarter for holiday work, they may decide to bank some of their furnaces and extend Thanksgiving or Christmas shutdowns.

Last week's production was about 1,464,000 ingot tons. Industry operations were down slightly to 51.4% of capacity.

Steel's price composite on No. 1 heavy melting grade of scrap is holding at $28.83 a gross ton.

This Week's Steel Output Based On 47.5% of Jan. 1, 1960 Capacity

The American Iron and Steel Institute announced that the operating rate of steel companies will average *84.2% of steel capacity for the week, beginning Nov. 21, equivalent to 1,352,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of *91.5% and 1,470,000 tons in the week beginning Nov. 14.

Actual output for last week beginning Nov. 14, was equal to 51.6% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage of this week's forecast based on that capacity is 47.5%

A month ago the operating rate (based on 1947-49 weekly production) was *96.2% and production 1,545,000 tons. A year ago the actual weekly production was placed at 2,540,000 tons, or *158.1%.

*Index of production is based on average weekly production for 1947-49.

Some Auto Plants on Overtime Work Schedule

Completion of the 7,000,000th car or truck of the year in the week ended Nov. 19 marked a return to overtime in U. S. assembly plants *Ward's Automotive Reports* said.

The overtime radiated through 19 plants. Because it both implemented scheduling increases and served as an offset to factory "downtime," it only partially showed up in the industry's weekly production upturn.

Ward's said U. S. car output was up 7.8% during the week to 149,494 completions from 138,682 last week. Truck output climbed to 21,717 from 20,986.

The statistical agency said Chevrolet in a mid-month move has added 14,000 cars onto its November production schedule. It put six of its 13 plants on an overtime basis last week.

Other overtime stemmed from 10 Ford and three Buick-Oldsmobile-Pontiac branch plants, both moves partially offsetting week-long shutdowns at each of the company's Atlanta, Ga. assembly points.

Ward's said industry output last week was divided 51.3% GM Corp., 27.5% Ford Motor Co., 12% Chrysler Corp., 7.8% American Motors Corp. and 1.4% Studebaker-Packard Corp.

GM Corp.'s car output of 76,715 units was its highest of the 1961 model year thus far.

The reporting service said Chrysler Corp. did not work its Plymouth plant at Detroit on Monday nor its Lancer-Valiant production line at Hamtramck, Mich. on Friday last week.

Electric Output 1.7% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 19 was estimated at 14,042,000,000 kwh., according to the Edison Electric Institute. Output was 69,000,000 kwh. below that of the previous week's total of 14,111,000,000 kwh. but showed a gain of 230,000,000 kwh, or 1.7% above that of the comparable 1959 week.

Carloadings Show 11.6% Decrease From 1959 Week

Loading of revenue freight for the week ended Nov. 12, 1960, totaled 564,590 cars, the Association of American Railroads announced. This was a decrease of 73,743 cars or 11.6% below the corresponding week in 1959, which was the first week following settlement of the nationwide strike in the steel industry, and a decrease of 79,941 cars or 12.4% below the corresponding week in 1958.

Loadings in the week of Nov. 12, were 34,903 cars or 5.8% below the preceding week.

There were 11,950 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Nov. 5, 1960 (which were included in that week's over-all total). This was an increase of 3,829 cars or 47.1% above the corresponding week of 1959 and 5,213 cars or 77.4% above the 1958 week.

Cumulative piggyback loadings for the first 44 weeks of 1960 totaled 473,892 for an increase of 120,999 cars or 34.3% above the corresponding period of 1959, and 242,177 cars or 104.5% above the corresponding period in 1958. There were 55 class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 40 in the corresponding week of 1958.

Intercity Truck Tonnage 6% Below Corresponding Week Last Year

Intercity truck tonnage in the week ended Nov. 12, was an even 6% below that of the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was 8.4% behind the volume for the previous week of this year. Part of this decrease can be attributed to seasonal factors and the observance of the Veterans' Day and Election Day holidays.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Lumber Shipments 1.8% Below Production

Lumber shipments of 462 mills reporting to the National Lumber Trade Barometer were 1.8% below production during the holiday week ended Nov. 12, 1960. In the same week, new orders of these mills were 11.1% below production. Unfilled orders of reporting mills amounted to 24% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 13 days' production at the current rate, and gross stocks were equivalent to 53 days' production.

For the year-to-date, shipments of reporting identical mills were 2.6% below production; new orders were 5.1% below production.

Compared with the previous full week ended Nov. 5, 1960, production of reporting mills was 3.7% below; shipments were 5% below; new orders were 10.2% below. Compared with the corresponding week in 1959, production of reporting mills was 17.2% below; shipments were 9.3% below; and new orders were 14.5% below.

Upturn in Business Failures In Week Ended Nov. 17

Commercial and industrial failures rebounded from a two-week decline to 329 in the week ended Nov. 17 from 298 in the preceding week, reported Dun & Bradstreet, Inc. This increase lifted casualties considerably above the 237 in the comparable week last year and the 260 in 1958. Continuing above the pre-war level, failures were 7% more numerous than in the similar week of 1939 when the toll was 308.

Casualties involving liabilities of $5,000 or more rose to 298 from 263 a week ago and 237 last year. Small failures with losses under $5,000 dipped to 33 from 35 in the previous week. On the other hand, businesses failing with liabilities in excess of $100,000 climbed steeply to 51 from 21 in the preceding week.

Wholesale Food Price Index Up Again to Highest Level In a Year and a Half

Appreciable increases in prices on livestock and eggs were primarily responsible this week for boosting the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., to the highest level in eighteen months. On Nov. 15 the index stood at $6.12, the highest since the $6.14 of May 13, 1959. It was up 0.8% from the prior week's $6.07, the prior 1960 high, and it exceeded the $5.91 of the comparable date last year by 3.6%. This was the fourth consecutive week-to-week increase.

Commodities quoted higher in wholesale cost this week were barley, hams, bellies, eggs, potatoes, hogs and lambs. Lower in price were flour, wheat, corn, rye, oats, butter, cottonseed oil, cocoa, beans and steers.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Moves Up in Latest Week

After several weeks of almost steady downturns, the general commodity price level moved up somewhat this week, reflecting primarily higher prices on hogs, steers, lambs, cotton, rubber, and steel scrap. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 263.50 (1930-32=100) on Nov. 14, compared with 263.12 a week earlier and 280.04 of the corresponding date a year ago.

Supported by continued light offerings in some markets and good domestic and export buying, wheat prices held close to the prior week; volume from flour mills moved up appreciably. In contrast, rye prices were down noticeably, reflecting sluggish trade and ample supplies.

With harvesting pushing forward and supplies up, corn prices fell notably this week, but trading remained close to the prior period. There was also an appreciable dip in oats prices, following the downturn in corn. Weakness in the meal and oil markets pulled prices on soybeans moderately below a week earlier; in addition, processor demand was sluggish.

Although domestic buying of flour was quite slow, export purchases moved up holding prices close to the preceding week; negotiations were pending for the sales of sizable quantities of rice to the United Arab Republic and Vietnam.

Domestic purchases of rice were held at high levels this week and export buying moved up considerably holding prices at prior week levels; during the week India bought good quantities of rice. Sugar volume was sluggish, but prices held steady; in the week ended Nov. 5 sugar deliveries totaled 160,756 tons, compared with 167,823 a week earlier and 11,729 a year ago.

While purchases of coffee slipped during the week, prices held steady. Cocoa prices matched those of the prior week, despite a slight leveling off in volume.

There was a marked rise in hog trading in Chicago this week and prices rose appreciably; hog receipts were close to a week earlier. Prices on steers finished the week moderately on the up side as volume was up and supplies were somewhat lower. Lamb prices scored a good advance on lower receipts and active trade.

Following a reduction in the crop forecast, cotton prices moved up fractionally this week on the New York Cotton Exchange. Cotton exports from the United States in the week ended last Tuesday came to about 77,000 bales, compared with 67,000 a week earlier and 56,000 in the similar period last year. Exports for the current season to date were estimated at 801,000 bales, compared with 782,000 during the similar period last year.

Unseasonably Mild Weather Hurts Retail Trade

With unseasonably warm weather in many areas discouraging consumer buying of many lines of winter merchandise, overall retail trade dipped somewhat from a year ago in the week ended Nov. 16. In addition, Veterans' Day sales promotions were not as extensive as in 1959. The most noticeable year-to-year declines occurred in purchases of apparel, major appliances, and linens; sales of new passenger cars remained slightly above the similar 1959 week, according to scattered reports.

The total dollar volume of retail trade in the week ranged from unchanged to 4% below a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: West North Central and West South Central —2 to —6; Mountain —1 to —5; New England, East North Central, and Pacific Coast 0 to —4; Middle Atlantic and South Atlantic +1 to —3; East South Central +3 to —1.

Nationwide Department Store Sales Down 2% From 1959 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Nov. 12, 1960, show a decrease of 2% over the like period last year. In the preceding week for Nov. 5 a decrease of 4% was reported. For the four weeks ended Nov. 12 no change was reported. The Jan. 1 to Nov. 5 period showed a 1% increase.

According to the Federal Reserve System department store sales in New York City for the week ended Nov. 12 showed an increase of 3% over the same period last year. In the preceding week ended Nov. 5, sales were 6% below the same period last year. For the four weeks ending Nov. 12 an increase of 1% was reported over the 1959 period, and from Jan. 1 to Nov. 12 there was a gain of 5% above the level achieved in the 1959 period.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Nov. 26	§47.5	*51.6	54.2	89.7
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 26	§1,352,000	*1,470,000	1,545,000	2,540,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 11	6,955,310	6,940,060	6,823,710	6,875,825
Crude runs to stills—daily average (bbls.)	Nov. 11	¶7,717,000	7,830,000	7,898,000	7,982,000
Gasoline output (bbls.)	Nov. 11	27,051,000	27,785,000	28,518,000	27,839,000
Kerosene output (bbls.)	Nov. 11	2,836,000	2,988,000	2,857,000	2,215,000
Distillate fuel oil output (bbls.)	Nov. 11	12,718,000	12,362,000	11,863,000	12,302,000
Residual fuel oil output (bbls.)	Nov. 11	5,393,000	5,897,000	5,738,000	5,992,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Nov. 11	183,062,000	184,340,000	188,159,000	176,400,000
Kerosene (bbls.) at	Nov. 11	36,229,000	36,745,000	35,987,000	32,699,000
Distillate fuel oil (bbls.) at	Nov. 11	179,154,000	180,453,000	175,066,000	178,913,000
Residual fuel oil (bbls.) at	Nov. 11	48,724,000	49,079,000	51,427,000	57,990,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 12	564,590	599,493	653,145	638,333
Revenue freight received from connections (no. of cars)	Nov. 12	494,521	512,046	528,542	526,297
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Nov. 17	$473,600,000	$314,400,000	$400,200,000	$372,100,000
Private construction	Nov. 17	219,300,000	130,300,000	235,200,000	232,300,000
Public construction	Nov. 17	254,300,000	184,100,000	165,000,000	139,800,000
State and municipal	Nov. 17	203,500,000	143,600,000	135,000,000	85,600,000
Federal	Nov. 17	50,800,000	41,100,000	30,000,000	54,200,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 12	7,365,000	*7,925,000	8,525,000	9,025,000
Pennsylvania anthracite (tons)	Nov. 12	383,000	387,000	394,000	463,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 12	163	149	155	167
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 19	14,042,000	14,111,000	13,805,000	13,812,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 17	329	298	270	287
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 15	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Nov. 15	$66.32	$66.32	$66.41	$66.41
Scrap steel (per gross ton)	Nov. 15	$28.33	$28.33	$29.50	$46.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 16	29.600c	29.600c	29.600c	34.800c
Export refinery at	Nov. 16	27.625c	27.575c	27.025c	31.300c
Lead (New York) at	Nov. 16	12.000c	12.000c	12.000c	13.000c
Lead (St. Louis) at	Nov. 16	11.800c	11.800c	11.800c	12.800c
‡Zinc (delivered) at	Nov. 16	13.500c	13.500c	13.500c	13.000c
Zinc (East St. Louis) at	Nov. 16	13.000c	13.000c	13.000c	12.500c
Aluminum (primary pig, 99.5%) at	Nov. 16	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Nov. 16	102.625c	103.250c	103.500c	101.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 22	86.54	87.19	87.56	82.98
Average corporate	Nov. 22	86.78	87.05	86.91	84.17
Aaa	Nov. 22	91.34	91.77	91.48	87.99
Aa	Nov. 22	88.97	89.37	89.37	86.11
A	Nov. 22	86.11	86.38	86.38	83.91
Baa	Nov. 22	81.29	81.42	80.81	79.13
Railroad Group	Nov. 22	84.17	84.43	84.04	82.15
Public Utilities Group	Nov. 22	87.99	87.99	87.72	84.17
Industrials Group	Nov. 22	88.40	88.81	88.81	86.24
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 22	3.93	3.85	3.81	4.23
Average corporate	Nov. 22	4.65	4.63	4.46	4.85
Aaa	Nov. 22	4.32	4.29	4.31	4.56
Aa	Nov. 22	4.49	4.46	4.46	4.70
A	Nov. 22	4.70	4.68	4.68	4.87
Baa	Nov. 22	5.08	5.07	5.12	5.2
Railroad Group	Nov. 22	4.85	4.83	4.86	5.01
Public Utilities Group	Nov. 22	4.56	4.56	4.58	4.85
Industrials Group	Nov. 22	4.53	4.50	4.50	4.69
MOODY'S COMMODITY INDEX	Nov. 22	355.0	356.2	358.2	380.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 12	272,216	355,583	308,826	304,154
Production (tons)	Nov. 12	325,226	308,733	326,613	331,839
Percentage of activity	Nov. 12	92	88	94	95
Unfilled orders (tons) at end of period	Nov. 12	415,674	469,198	437,157	495,639
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Nov. 18	108.57	108.71	110.00	111.49
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 28	2,331,060	1,657,490	3,205,560	2,844,120
Short Sales	Oct. 28	397,490	332,150	438,520	590,870
Other sales	Oct. 28	1,923,640	1,469,940	2,599,820	2,281,910
Total sales	Oct. 28	2,321,130	1,802,090	3,038,340	2,872,780
Other transactions initiated off the floor—					
Total purchases	Oct. 28	322,370	248,910	495,890	758,640
Short Sales	Oct. 28	36,600	41,300	30,900	230,320
Other sales	Oct. 28	267,300	288,730	347,430	637,600
Total sales	Oct. 28	303,900	330,030	378,330	867,920
Other transactions initiated on the floor—					
Total purchases	Oct. 28	805,753	720,318	833,580	1,019,959
Short Sales	Oct. 28	138,960	77,530	118,920	227,940
Other sales	Oct. 28	563,266	633,900	659,092	1,028,415
Total sales	Oct. 28	702,226	711,430	778,012	1,256,355
Total round-lot transactions for account of members—					
Total purchases	Oct. 28	3,459,183	2,626,718	4,535,030	4,622,719
Short Sales	Oct. 28	573,050	450,980	588,340	1,049,130
Other sales	Oct. 28	2,754,206	2,392,570	3,606,342	3,947,925
Total sales	Oct. 28	3,327,256	2,843,550	4,194,682	4,997,055
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Oct. 28	1,640,865	1,369,877	1,794,951	2,136,045
Dollar value	Oct. 28	$77,819,481	$63,503,520	$82,904,315	$108,158,299
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 28	1,508,866	1,272,203	1,614,894	1,678,594
Customers' short sales	Oct. 28	36,900	23,024	28,097	15,983
Customers' other sales	Oct. 28	1,471,966	1,249,179	1,586,797	1,662,61[illegible]
Dollar value	Oct. 28	$70,913,234	$60,371,920	$76,510,970	$81,333,812
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 28	459,720	388,950	486,290	386,720
Short Sales	Oct. 28	------	------	------	------
Other sales	Oct. 28	459,720	388,950	486,290	386,720
Round-lot purchases by dealers—Number of shares	Oct. 28	587,010	461,250	694,080	847,540
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short Sales	Oct. 28	927,840	690,710	761,870	1,265,980
Other sales	Oct. 28	15,521,940	12,719,340	16,689,460	18,365,530
Total sales	Oct. 28	16,449,780	13,410,050	17,451,330	19,631,510
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 15	119.6	119.4	119.0	118.9
Farm products	Nov. 15	89.7	88.6	87.7	85.0
Processed foods	Nov. 15	109.0	109.0	108.2	104.9
Meats	Nov. 15	96.2	96.0	95.1	90.2
All commodities other than farm and foods	Nov. 15	127.9	127.9	127.6	128.6

*Revised figure. ¶Includes 1,066,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of August	172,973	177,564	172,816
Stocks of aluminum (short tons) end of Aug.	211,716	203,626	94,029
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of October	6,865,000	*6,458,421	1,535,017
Shipments of steel products (net tons)—Month of September	4,983,228	*5,071,953	1,282,664
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of October (in millions):			
Total new construction	5,092	5,234	5,069
Private construction	3,478	3,556	3,630
Residential buildings (nonfarm)	1,920	2,024	2,252
New dwelling units	1,390	1,485	1,778
Additions and alterations	448	458	407
Nonhousekeeping	82	81	67
Nonresidential buildings	912	889	789
Industrial	256	248	184
Commercial	372	358	350
Office buildings and warehouses	185	181	166
Stores, restaurants, and garages	187	177	184
Other nonresidential buildings	284	283	255
Religious	96	96	86
Educational	55	53	44
Hospital and institutional	51	49	49
Social and recreational	62	65	52
Miscellaneous	20	20	24
Farm construction	119	135	115
Public utilities	500	482	454
Telephone and telegraph	107	88	87
Other public utilities	393	394	367
All other private	27	26	20
Public construction	1,614	1,678	1,439
Residential buildings	60	60	62
Nonresidential buildings	441	446	374
Industrial	31	31	34
Educational	268	266	219
Hospital and institutional	35	36	35
Administrative and service	57	62	45
Other nonresidential buildings	50	51	41
Military facilities	126	131	121
Highways	649	683	584
Sewer and water systems	130	135	128
Sewer	73	77	79
Water	57	58	49
Public service enterprises	65	76	52
Conservation and development	120	125	100
All other public	23	22	18
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of Sept. (Millions of dollars):			
Manufacturing	$54,300	*$54,500	$51,600
Wholesale	13,300	*13,100	12,500
Retail	25,000	25,000	24,300
Total	$92,600	*$92,500	$88,400
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Sept. 30:			
Total consumer credit	$54,128	$53,928	$49,350
Instalment credit	42,136	41,995	37,962
Automobile	18,086	18,078	16,470
Other consumer goods	10,255	10,202	9,390
Repairs and modernization loans	2,916	2,891	2,613
Personal loans	10,879	10,824	9,489
Noninstallment credit	11,992	11,933	11,388
Single payment loans	4,376	4,299	4,084
Charge accounts	4,480	4,473	4,390
Service credit	3,136	3,161	2,914
CONSUMER PRICE INDEX — 1947-49=100— Month of September:			
All items	126.8	126.6	125.2
Food	120.2	120.1	118.7
Food at home	117.4	117.4	116.2
Cereal and bakery products	137.8	137.7	134.1
Meats, poultry and fish	110.2	111.3	110.4
Dairy products	117.5	116.6	115.5
Fruits and vegetables	124.6	127.3	124.1
Other food at home	109.3	106.5	107.6
Food away from home (Jan. 1953=100)	119.3	119.1	116.8
Housing	132.0	131.5	129.7
Rent	142.1	141.9	140.0
Gas and electricity	125.7	124.9	121.6
Solid fuels and fuel oil	134.8	133.4	135.0
Housefurnishings	104.1	103.5	104.0
Household operation	138.0	132.6	135.2
Apparel	110.6	109.3	109.0
Men's and boys'	112.2	110.5	109.2
Women's and girls'	101.1	99.7	100.5
Footwear	140.2	139.9	137.9
Other apparel	93.8	93.1	92.9
Transportation	144.7	146.2	146.4
Private	132.8	134.4	135.3
Public	201.7	200.7	194.9
Medical care	156.9	156.7	152.2
Personal care	133.9	133.8	132.1
Reading and recreation	122.1	121.9	119.6
Other goods and services	132.7	132.4	131.5
COPPER INSTITUTE—For month of October:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	112,611	*106,653	30,792
Refined (tons of 2,000 pounds)	151,497	147,934	44,218
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	93,451	120,585	68,648
Refined copper stocks at end of period (tons of 2,000 pounds)	113,417	84,316	78,308
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914 = 100 — As of Sept. 15:			
All farm products	237	234	240
Crops	221	218	220
Commercial vegetables, fresh	195	191	220
Cotton	271	273	280
Feed, grains and hay	152	152	156
Food grains	197	196	198
Fruit	269	239	228
Oil-bearing crops	208	211	204
Potatoes	181	198	146
Tobacco	482	479	511
Livestock	251	247	257
Dairy products	269	254	267
Meat animals	285	290	308
Poultry and eggs	162	152	143
Wool	235	230	244
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Oct. 31	$290,645,808	$288,584,364	$291,371,521
General funds balance	6,671,725	8,316,868	6,375,951
Net debt	$283,974,083	$280,267,496	$284,995,570
Computed annual rate	3.167%	3.170%	3.194%

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

• ACR Electronics Corp.
Sept. 28, 1960 filed 150,000 shares of common stock, 75,000 series I common stock purchase warrants, and 75,000 series II common stock purchase warrants, to be offered in units, each unit to consist of two common shares, one series I 5-year purchase warrant, and one 5-year series II warrant. Warrants are exercisable initially at $2 per share. **Price**—To be supplied by amendment. **Proceeds** — For salaries of additional personnel, liquidation of debt, research, and the balance for working capital. **Office**—551 W. 22nd Street, New York City. **Underwriter**—None.

Adler Built Industries, Inc.
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For acquisition and development of land and operating capital. **Office**—1201 W. 66th St., Hialeah, Fla. **Underwriter** — American Diversified Securities, Inc., Washington, D. C.

• Aircraft Armaments, Inc.
Sept. 26, 1960 filed 265,500 shares of common stock, to be offered by United Industrial Corp. to holders of UIC common on the basis of one Aircraft share for each 8 UIC shares held. **Price**—To be supplied by amendment. **Business**—The issuer, wholly owned by UIC, is engaged in applied research and development in various technical fields and works largely for the Department of Defense. **Office**—Cockeysville, Md. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Alarm Device Manufacturing Co., Inc. (11/28-12/2)
Sept. 19, 1960 filed 130,500 shares of outstanding common stock (par 10 cents). **Price** — $4 per share. **Business**—Manufacture and sale of burglar and fire alarm equipment. **Proceeds**—To selling stockholders. **Office**—1665 St. Marks Ave., Brooklyn, N. Y. **Underwriter**—Golkin, Bomback & Co., New York, N. Y.

• All American Engineering Co. (12/5-9)
Sept. 27, 1960 filed 85,918 shares of common stock (par 10 cents), to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each four shares held with rights to expire on Dec. 7. **Price** — To be supplied by amendment. **Business**—The firm is engaged primarily, under government-sponsored contracts, in research, development, and manufacturing activities related to the aircraft, satellite, and missile fields. **Proceeds** — For general corporate purposes. **Office**—Du Pont Airport, Wilmington, Del. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

• Allen, McFarland & Co.
Sept. 8, 1960 (letter of notification) 120,000 shares of common stock (par 10 cents) and 30,000 shares of common stock (par 10 cents). **Price**—Of 120,000 shares, $2 per share; of 30,000 shares, 75 cents per share. **Proceeds**—To maintain markets in selected securities and for working capital. **Office** — 1120 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Allen, McFarland & Co. **Offering**—Expected in early January.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

Alloys Unlimited, Inc. (12/5-9)
Oct. 14, 1960 filed 135,000 shares of common stock (par 10¢), of which 75,000 shares are to be offered for the account of the company and 60,000 shares for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company manufactures certain components for such semiconductor devices as silicon and germanium transistors, diodes and rectifiers. **Proceeds**—For general corporate purposes including debt reduction. **Office**—21-01 43rd Ave., Long Island City, N. Y. **Underwriters**—Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co., New York, N. Y.

American Consolidated Mfg. Co., Inc.
Sept. 27, 1960 (letter of notification) 39,500 shares of common stock (par 33⅓ cents). **Price** — $5 per share. **Proceeds** — For advertising and promotion and accounts receivable. **Office**—835 N. 19th St., Philadelphia, Pa. **Underwriter**—Martin, Monaghan & Mulhern, Inc., Ardmore, Pa.

American Cryogenics, Inc.
Oct. 27, 1960 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries make and sell liquid and gaseous nitrogen and oxygen, dental and medical equipment, and various other gases and cylinders. **Proceeds**—About $1,300,000 for expansion of production facilities including the purchase of equipment, with the balance for working capital. **Office** — New Savannah Road, Augusta, Ga. **Underwriter**—Courts & Co., Atlanta, Ga. (managing). **Offering** — Expected in mid-December.

American Heritage Life Insurance Co. (11/29-12/13)
Oct. 24, 1960 filed 354,240 shares of common stock, to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each eight shares held with rights to expire on Dec. 6 at 3:30 p.m. (EST). **Price** — To be supplied by amendment. **Business** — The company writes ordinary life, group life, and group accident and health insurance in 13 states and the District of Columbia. **Proceeds**—To be used to repay $1,481,006 of short-term indebtedness incurred in acquiring stock of Acme United Life Insurance Co., a new subsidiary of the issuer, with the remainder for general corporate purposes. **Office**—218 West Adams St., Jacksonville, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

• American Income Life Insurance Co.
Aug. 26, 1960 filed 90,174 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each 5⅓ shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—5th and Franklin, Waco, Texas. **Underwriters**—Ladenburg, Thalmann & Co. and Lee Higginson Corp., both of New York City (managing). **Note**—This stock is not qualified for sale in New York. Statement effective Nov. 9.

American Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

American Playlands Corp.
Aug. 22, 1960 filed 300,000 shares of common stock. **Price**—$4 per share. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**—M. W. Janis Co., Inc., New York City.

American Recreational Development Corp.
Sept. 7, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For expenses in constructing and operating recreation centers. **Office** — 210 E. Lexington St., Baltimore 2, Md. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

• Americana Properties, Inc. (12/19-23)
Oct. 27, 1960 filed 100,000 shares of common stock. Price—$6 per share. **Business**—The operation of shopping areas and bowling establishments in Long Island, N. Y. **Proceeds**—For debt reduction and construction of stores and a bowling facility. **Office** — 855 Montauk Highway, Oakdale, L. I., N. Y. **Underwriter**—Plymouth Securities Corp., New York City.

Ampal-American Israel Corp.
Oct. 25, 1960 filed $5,000,000 of 7-year series I 6% sinking fund debentures. **Price**—At par. **Proceeds**—For various business enterprises in Israel. **Office**—17 East 71st Street, New York City. **Underwriter**—None.

Andersen Laboratories, Inc. (11/28-12/2)
Sept. 28, 1960 filed 150,000 shares of common stock, of which 40,000 shares are to be offered for the account of the issuing company and 110,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—To reduce indebtedness, buy new tools, and add to working capital. **Office** — Hartford, Conn. **Underwriter** — Putnam & Co., Hartford, Conn. (managing).

• Apache Corp. (12/5)
Oct. 26, 1960 filed $4,000,000 of 6% convertible subordinated debentures, due Dec. 1, 1975. **Price** — At par. **Business**—Management of long-term risk capital investments in gas, oil, and real estate ventures, and also in mutual funds. **Proceeds**—For debt reduction, working capital, and to buy a small oil producing company. **Office**—523 Marquette Ave., Minneapolis, Minn. **Underwriters**—Paine, Webber, Jackson & Curtis, New York City and Piper, Jaffray & Hopwood, Minneapolis, Minn.

★ Arway Manufacturing Corp.
Nov. 15, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price** — $2 per share. **Business** — Manufacturers of plastic table cloths, mats, and trays. **Proceeds**—For general corporate purposes. **Office** — 1041 Utica Avenue, Brooklyn, N. Y. **Underwriter**—Stern, Zeiff & Co., Inc., New York, N. Y. **Offering**—Expected in mid-December.

Continued on page 33

NEW ISSUE CALENDAR

November 25 (Friday)

Vacudyne Associates, Inc.________________Common
(Kenneth Kass; H. S. Simmons & Co., Inc. and B. N. Rubin & Co.) $200,000

Techni Electronics, Inc.________________Common
(United Planning Corp.) $225,000

November 28 (Monday)

Alarm Device Manufacturing Co. Inc.____Common
(Golkin, Bomback & Co.) $522,000

Andersen Laboratories, Inc.______________Common
(Putnam & Co.) 150,000 shares

Baruch (R.) & Co.______________________Common
(R. Baruch & Co.) $200,000

Bowl-Mor Co., Inc.___________________Debentures
(Paine, Webber, Jackson & Curtis and Granbery, Marache & Co.) $2,000,000

Bowl-Mor Co., Inc.______________________Common
(Offering to stockholders—Underwritten by Paine, Webber, Jackson & Curtis and Granbery, Marache & Co.) 78,955 shares

Brothers Chemical Co.___________________Common
(Sandkuhl & Company, Inc.) $300,000

Cavitron Corp. _________________________Common
(No underwriting) $600,000

Chemtronic Corp. _______________________Common
(Jay W. Kaufman & Co.) $400,000

Cyclomatics Inc. _______________________Common
(General Securities Co. $250,000

Dial-A-Disk, Inc. ______________________Common
(McClane & Co., Inc.) $300,000

Does-More Products Corp.________________Common
(H. L. Wright & Co., Inc.) $300,000

General Sales Corp._____________________Common
(A. J. Gabriel & Co., Inc.) 120,000 shares

Globe Security Systems, Inc.____________Common
(Drexel & Co.) 100,000 shares

Gremar Manufacturing Co., Inc.__________Common
(Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc.) 100,000 shares

Guild Musical Instrument Corp.__________Common
(Michael G. Kletz & Co., Inc.) $330,000

Industrial Hose & Rubber Co., Inc.______Common
(Schrijver & Co.) $500,000

International Mosaic Corp.______________Common
(B. G. Harris & Co., Inc.) $279,999

Koeller Air Products, Inc.________________Units
(Lloyd Securities) $200,000

Living Aluminum, Inc.___________________Common
(Arnold Malkan & Co., Inc. and Sulco Securities, Inc.) $300,000

Long Island Plastics Corp.______________Common
(The James Co.) $300,000

Loral Electronics Corp.______________Debentures
(Kidder, Peabody & Co.; Lehman Brothers and Model, Roland & Stone) $5,000,000

Metropolitan Telecommunications Corp.__Common
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) 25,000 shares

Metropolitan Telecommunications Corp.___Debens
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) $600,000

Model Finance Service, Inc.__________Debentures
(Paul C. Kimball & Co.) $1,000,000

Model Finance Service, Inc.___________Preferred
(Paul C. Kimball & Co.) 100,000 shares

National Film Studios, Inc.______________Common
(R. Baruch & Co.) $300,000

Nationwide Tabulating Corp.______________Common
(Milton D. Blauner & Co., Inc.) $200,000

Paddington Corp. _______________________Common
(Lee Higginson Corp. and H. Hentz & Co.) 36,498 shares

Resisto Chemical, Inc.__________________Common
(Amos Treat & Co., Inc.) $500,000

Robosonics, Inc. _______________________Common
(Mandell & Kahn, Inc.) $900,000

School Pictures, Inc.___________________Common
(Equitable Securities Corp. and Kroeze, McLarty & Co.) 100,000 shares

Still-Man Manufacturing Corp.___________Class A
(Francis I. duPont & Co.) 150,000 shares

Swingline, Inc.___________________Class A Stock
(Paine, Webber, Jackson & Curtis) 250,000 shares

Tenax, Inc. _____________________Debentures
(Myron A. Lomasney & Co.) $1,500,000

Vibration Mountings & Controls, Inc.____Common
(Michael G. Kletz & Co., Inc.) $525,000

Wood-Mosaic Corp. ______________________Common
(Cruttenden, Podesta & Co. and Berwyn T. Moore & Co., Inc.) 30,000 shares

November 29 (Tuesday)

American Heritage Life Insurance Co.___Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith, Inc. and Pierce, Carrison, Wulbern, Inc.) 354,240 shares

Bzura Chemical Co., Inc.________________Common
(P. W. Brooks & Co., Inc. and Lee Higginson Corp.) 450,000 shares

Central Maine Power Co.___________________Bonds
(Bids 11:00 a.m. EST) $6,000,000

Epps Industries, Inc.___________________Common
(California Investors) $300,000

Ginn & Co.______________________________Common
(White, Weld & Co.) 817,391 shares

Texas Butadiene & Chemical Corp.________Common
(Blyth & Co., Inc. and Lehman Brothers) 635,800 shares

Webb (Del E.) Corp.______________________Units
(Lehman Brothers) 160,000

November 30 (Wednesday)

Coral Aggregates Corp.__________________Common
(Peter Morgan & Co. and Robinson & Co., Inc.) $400,000

December 1 (Thursday)

Speedry Chemical Products, Inc.______Debentures
(S. D. Fuller & Co.) $2,000,000

Speedry Chemical Products, Inc.________Common
(S. D. Fuller & Co.) 60,000 shares

December 5 (Monday)

All American Engineering Co.__________Common
Offering to stockholders—underwritten by Drexel & Co.) 85,918 shares

Alloys Unlimited, Inc.________________Common
(Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co.) 135,000 shares

Apache Corp. _____________________Debentures
(Paine, Webber, Jackson & Curtis, and Piper, Jaffray & Hopwood) $4,000,000

Beneficial Finance Co._____________Debentures
(Eastman Dillon, Union Securities & Co.) $50,000,000

Carolina Metal Products Corp.________Common
(Arnold, Wilkens & Co.) $500,000

Cook Coffee Co.______________________Common
(Goldman, Sachs & Co.) 100,000 shares

Designatronics, Inc. _________________Common
(Cortland Investing Corp.; Rothenberg, Heller & Co. and Joseph Nadler & Co., Inc.) $225,000

Foxboro Co. _________________________Common
(Paine, Webber, Jackson & Curtis) 211,000 shares

Frisch's Restaurants, Inc.____________Common
(Westheimer & Co.) 180,000 shares

General Automation Corp._____________Common
(Bertner Bros. and Earl Edden Co.) $200,000

Geophysics Corp. of America__________Common
(C. E. Unterberg, Towbin Co.) 50,000 shares

Glas Foam Corp.______________________Common
(Martinelli & Co., Inc.) $300,000

Mohawk Insurance Co.________________Common
(R. F. Dowd & Co., Inc.) $900,000

Pall Corp. ___________________________Class A
(L. F. Rothschild & Co.) 80,000 shares

Simplex Wire & Cable Co.______________Capital
(Paine, Webber, Jackson & Curtis) 118,000 shares

Southern Bell Telephone & Telegraph Co.__Debs.
(Bids 11:30 a.m. EST)

Standard Pressed Steel Co.____________Common
(Kidder, Peabody & Co.) 112,760 shares

Standard & Shell Homes Corp.______________Units
(Aetna Securities Corp.; D. Gleich Co. and Roman & Johnson) 35,000 units

Tech Laboratories, Inc.________________Common
(Carroll Co. and Dewey, Johnson & Co.) $252,000

Telephone & Electronics Corp.__________Common
(Equity Securities Co.) $264,900

Telex, Inc. __________________________Common
(Lee Higginson Corp.) 196,000 shares

Victor Paint Co.______________________Common
(Charles Plohn & Co.) 130,000 shares

Willer Color Television System, Inc.______Common
(Equity Securities Co.) $242,670

Zurn Industries, Inc.__________________Common
(Lee Higginson Corp.) 200,000 shares

December 6 (Tuesday)

Iowa Power & Light Co._________________Common
(Bids 2:30 p.m. CST) 100,000 shares

Northern States Power Co. (Minn.)________Bonds
(Bids to be invited) $35,000,000

December 7 (Wednesday)

Atlanta Gas Light Co.____________________Bonds
(Bids 11:00 a.m. EST) $9,000,000

Chicago, Rock Island & Pacific RR.
Equip. Trust Ctfs.
(Bids 1:00 p.m. EST) $3,450,000

Potomac Electric Power Co._______________Bonds
(Bids to be received) $40,000,000

December 8 (Thursday)

Brooks (James) & Co. Inc._________________Units
(Lloyd Haas & Co.) $450,000)

December 12 (Monday)

Canaveral International Corp.____________Common
(S. Schramm & Co., Inc.) 300,000 shares

Consumers Power Co._____________________Bonds
(Bids 11:30 a.m. EST) $35,000,000

Madigan Electronic Corp.________________Common
(McLaughlin, Kaufman & Co.) $467,500

New Canaan Co.__________________________Units
(Guidden, Morris & Co., Inc.) $202,000

Patrician Paper Co., Inc.__________________Units
(Hill, Darlington & Grimm) 100,000 units

Penobscot Chemical Fibre Co.________Debentures
(Coffin & Burr, Inc.) $3,250,000

Russ Togs, Inc._________________Class A Stock
(Shearson, Hammill & Co.) 150,000 shares

Tele-Tronics Co. _____________________Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

United States Shell Homes, Inc.____________Units
(Hayden, Stone & Co.) 25,000 units

Winn-Dixie Stores, Inc._________________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 406,000 shares

December 13 (Tuesday)

Louisville & Nashville RR.______Equip. Trust Ctfs.
(Bids to be received) $7,700,000

Public Service Electric & Gas Co.________Preferred
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $25,000,000

December 15 (Thursday)

Marsh Supermarkets, Inc._____________Debentures
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $2,000,000

Preferred Risk Life Assurance Co.________Common
(Preferred Investments, Inc.) $1,500,000

Stancil-Hoffman Corp.____________________Capital
(Pacific Coast Securities Co.) $300,000

Valdale Co., Inc.________________________Common
(B. N. Rubin & Co. and H. S. Simmons & Co.) $300,000

December 19 (Monday)

Cove Vitamin & Pharmaceutical Inc.__________Units
(Hill, Thompson & Co., Inc.) 54,000 units

Americana Properties, Inc.________________Common
(Plymouth Securities Corp.) $600,000

December 27 (Tuesday)

Palm Developers Limited__________________Common
(David Barnes & Co., Inc.) $300,000

January 4 (Wednesday)

National Aeronautical Corp._______________Common
(White, Weld & Co.; Yarnall, Biddle & Co. and Stroud & Co., Inc.) 60,000 shares

January 5 (Thursday)

Radar Measurements Corp.________________Common
(Blaha & Co., Inc.) $299,950

January 9 (Monday)

Bell Electronic Corp.____________________Common
(Schwabacher & Co.) 136,000 shares

January 10 (Tuesday)

Pocket Books, Inc._______________________Common
(White, Weld & Co. and Goldman Sachs & Co. 600,000 shares

January 11 (Wednesday)

Iowa Power & Light Co._____________________Bonds
(Bids 10:00 a.m. CST) $10,000,000

January 17 (Tuesday)

Gulf States Utilities Co.___________________Common
(Bids to be received) $11,500,000

January 23 (Monday)

General Bowling Corp.____________________Common
(H. S. Simmons & Co., Inc. and McMahon, Lichtenfeld & Co.) $1,000,000

January 24 (Tuesday)

Otter Tail Power Co.________________________Bonds
(Bids to be received) $6,000,000 to $8,000,000

March 15 (Wednesday)

Rochester Gas & Electric Corp.______________Bonds
(Bids to be received) $15,000,000

June 13 (Tuesday)

Virginia Electric & Power Co.________________Bonds
(Bids to be received) $30,000,000 to $35,000,000

Continued from page 32

★ Associated Oil & Gas Co.
Nov. 23, 1960 filed 107,317 shares of outstanding capital stock. **Price**—At the market. **Proceeds**—To selling stockholders. **Office**—Houston, Texas. **Underwriter**—None.

Atlanta Gas Light Co. (12/7)
Nov. 1, 1960 filed $9,000,000 of first mortgage bonds, due 1985. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans incurred for construction, which are expected to aggregate $10,200,000 at the time of the offering. **Office**—Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Shields & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; First Boston Corp. **Bids**—Expected to be received on Dec. 7 up to 11:00 a.m. (EST) at 90 Broad St., New York City. **Information Meeting** — Scheduled for Dec. 2 at 11:00 a.m. (EST) 19th floor, 90 Broad St., New York City.

★ Avery Adhesive Products, Inc.
Nov. 18, 1960 filed 250,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the company, and 150,000 outstanding shares are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—The manufacture of pressure-sensitive labels. **Proceeds**—Approximately $1,080,000 will be used to redeem the outstanding 5% preferred stock, and the balance will be for working capital. **Office**—2450 Huntington Drive, San Marino, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Wagenseller & Durst, Inc., Los Angeles, Calif. **Offering**—Expected in early January.

Avionics Investing Corp.
July 12, 1960 filed 250,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York City. **Offering**—Expected sometime in November.

Bal-Tex Oil Co., Inc.
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

● Baruch (R) & Co. (11/28-2)
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 75 cents). **Price** — $2 per share. **Business**—The issuer is a broker-dealer with the SEC, and a member of the NASD. **Proceeds**—To take positions and maintain markets in securities, participate in underwritings, and the balance for working capital. **Office**—1518 K St., N. W., Washington, D. C. **Underwriter**—Same.

Bell Electronic Corp. (1/9)
Oct. 12, 1960 filed 136,000 shares of common stock, of which 86,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holder thereof. **Price**—To be supplied by amendment. **Business**—The company, which was organized in May 1959, is a distributor of electronic parts and equipment manufactured by others. **Proceeds**—For inventory and to carry accounts receivable. **Office**—306 E. Alondra Blvd., Gardena, Calif. **Underwriter** — Schwabacher & Co., San Francisco, Calif.

Beneficial Finance Co. (12/5-9)
Nov. 4, 1960 filed $50,000,000 of 20-year debentures. **Price**—To be supplied by amendment. **Business**—A holding company with subsidiaries engaged primarily in the small loan and sales finance business. **Proceeds**—To be added to the general funds for the reduction of short-term bank loans. **Office**—50 Church St., New York City. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Bonneville Manufacturing Co.
Oct. 24, 1960 (letter of notification) 32,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For lease of a building and operating capital. **Office**—10915 N. Burgard, Portland, Ore. **Underwriter**—Auld

● Bowl-Mor Co., Inc. (11/28-12/2)
Oct. 28, 1960 filed $2,000,000 of 6% convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — Newtown Road, Littleton, Mass. **Underwriters**—Paine, Webber, Jackson & Curtis and Granbery, Marache & Co., both of New York City (managing).

● Bowl-Mor Co., Inc. (11/28-12/2)
Oct. 25, 1960 filed 78,955 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Business**—The company manufactures pin - sitting machines for various types of bowling games. **Proceeds**—For working capital and for costs of the company's entry into the "tenpin" bowling field. **Office** — Newton Road, Littleton, Mass. **Underwriters** — Paine, Webber, Jackson & Curtis, and Granbery, Marache & Co., both of New York City (managing).

● Bradford Pools, Inc.
Oct. 24, 1960 filed 160,000 shares of class A common stock, with stock purchase warrants attached, to be offered in units consisting of five shares of stock and one warrant. **Price**—$10 per unit. **Business**—The construction, sale, and installation of pools in New Jersey and neighboring states. **Proceeds**—For general corporate purposes, including working capital. **Office** — 245 Nassau St., Princeton, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York City. **Offering**—Expected in late December.

Brooks (James) & Co., Inc. (12/8)
Oct. 24, 1960 filed $400,000 of 12% subordinated debentures, due 1980, 50,000 shares of common stock, and warrants for the purchase of 50,000 common shares, to be offered in units consisting of $400 of debentures, 50 common shares, and warrants for the cash purchase of 50 shares. **Price**—$450 per unit. **Business**—The retail sale in two Bronx, N. Y., stores of furniture, appliances, cameras, photo supplies, and related items. **Proceeds**—To reduce accounts payable to factors, with the balance for working capital. **Office**—542 E. 138th Street, New York City. **Underwriter**—Lloyd Haas & Co., New York City.

Brothers Chemical Co. (11/28-12/2)
Aug. 9, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturing chemicals. **Proceeds**—For general corporate purposes. **Office** — 575 Forest Street, Orange, N. J. **Underwriter**—Sandkuhl & Company, Inc., Newark, N. J. and New York City.

Business Finance Corp.
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

● Bzura Chemical Co., Inc. (11/29)
Aug. 25, 1960 filed 450,000 shares of common stock (par 25 cents), an undetermined number of which will be offered for the account of the issuing company, with the remainder to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The company makes and sells citric acid. **Proceeds** — To expand the capacity of the parent company, Bzura, Inc., for the manufacture of fumaric acid, and to enable it to produce itaconic acid, with the balance for working capital. **Office**—Broadway & Clark Streets, Keyport, N. J. **Underwriters**—P. W. Brooks & Co., Inc., and Lee Higginson Corp., both of New York City (managing).

★ California Life Insurance Co.
Nov. 15, 1960 (letter of notification) 48,952 shares of common stock (par $1) to be offered for subscription by present stockholders. **Price**—$5.71 per share. **Proceeds**—For capital and surplus accounts. **Office**—4334 MacArthur Blvd., Oakland, Calif. **Underwriter**—None.

★ California-Pacific Utilities Co.
Nov. 21, 1960 filed 57,986 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selilng stockholders. **Office**—550 California St., San Francisco, Calif. **Underwriter** — Eastman Dillon, Union Securities & Co., New York, N. Y.

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Campbell Chibougamau Mines, Ltd.
Oct. 14, 1960 filed 305,392 shares of common stock to be offered to warrant holders. **Price**—$4 per share. **Business**—The company owns and works mining properties. **Proceeds**—For general funds of the company. **Office**—55 Yonge St., Toronto, Canada. **Underwriter**—None.

• Canaveral International Corp. (12/12-16)
Aug. 12, 1960 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Land sales and development. **Proceeds**—$150,000 for accounts payable, $335,000 for mortgage and interest payments, $250,000 for advertising, $250,000 for development costs and $290,000 for general working capital. **Office**—1766 Bay Road, Miami Beach, Fla. **Underwriter** — S. Schramm & Co., Inc., New York City.

Caribbean American Corp.
Sept. 14, 1960 filed 459,500 shares of capital stock. **Price**—$2 per share. **Business**—Caribbean real estate. **Proceeds** — For general corporate purposes. **Office** — 615 Robinson Bldg., 15th & Chestnut Sts., Philadelphia, Pa. **Underwriter**—R. P. & R. A. Miller & Co., Inc., Philadelphia, Pa.

Caribbean & Southeastern Development Corp.
Sept. 28, 1960 filed 140,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For investment in land in the Caribbean area, development of a site in Atlanta, Ga., and the balance for general corporate purposes. **Office**—4358 Northside Drive, N. W., Atlanta, Ga. **Underwriter**—To be supplied by amendment.

• Carolina Metal Products Corp. (12/5)
Sept. 28, 1960 filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — Repayment of indebtedness, machinery and equipment, and the balance for working capital. **Office** — 2222 S. Blvd., Charlotte, N. C. **Underwriter**—Arnold, Wilkens & Co., New York City.

• Cavitron Corp. (11/28-12/2)
July 17, 1960 filed 40,000 shares of common stock. **Price**—At-the-market. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

Central Maine Power Co. (11/29)
Oct. 19, 1960 filed $6,000,000 of first and general mortgage bonds, series X, due 1990. **Proceeds**—To repay bank loans, for construction, and the balance for general corporate purposes. **Office**—9 Green St., Augusta, Me. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co.; First Boston Corp. and Coffin & Burr (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly). **Bids**—Expected to be received on Nov. 29 at 11:00 a.m. **Information Meeting**—Tentatively scheduled for Nov. 21 at 11:00 a.m. in Boston.

Century Acceptance Corp.
Sept. 29, 1960 filed $1,000,000 of 6½% junior subordinated debentures, due 1975, with five-year warrants for the purchase of 80,000 shares of regular common shares. The debentures are to be offered at par, and in units of one $500 debenture with warrants for 40 shares. **Proceeds**—For working capital and general corporate purposes. **Office**—1334 Oak Street, Kansas City, Mo. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo. (managing). **Offering**—Expected in late November.

Chematomics, Inc.
Nov. 2, 1960 filed 188,300 shares of common stock, of which 175,000 shares are to be offered for public sale, and the remaining 13,300 shares, being outstanding are to be offered for the account of selling stockholders, subsequent to the sale of the new shares. **Price**—$3 per share. **Business**—The company which was organized in February 1960, is engaged in the development, production and distribution of heat-resistant synthetic resins. **Proceeds** — For new equipment, promotion, inventory, working capital and research and development. **Office**—122 East 42nd Street, New York City. **Underwriter**—East Coast Investors Co., New York City.

Chemonics Corp.
Oct. 17, 1960 (letter of notification), 100,000 shares of common stock (par one cent). **Price** — $3 per share. **Proceeds**—For general funds and working capital. **Office**—1827 N. E. 144th St., North Miami, Fla. **Underwriter**—To be supplied by amendment.

• Chemtronic Corp. (11/28-12/2)
Sept. 2, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The company makes and sells miniature electrolytic capacitors. **Proceeds**—For general corporate purposes, including the repayment of bank loans and the addition of technical personnel. **Office**—309 11th Ave., South, Nashville, Tenn. **Underwriter**—Jay W. Kaufmann & Co., New York City.

Circle Controls Corp.
Oct. 28, 1960 (letter of notification) 95,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business** — Manufacture and rebuilding of electronic, electro-mechanical and mechanical controls. **Proceeds**—For general corporate purposes and working capital. **Office**—204 S. W. Boulevard, Vineland, N. J. **Underwriters**—Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; L. C. Wegard & Co., Trenton, N. J. and L. D. Sherman & Co., New York, N. Y. **Offering**—Expected in late December.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). Price—For stock, $1 per share; debentures in units of $1,000 at their principal amount. Proceeds—For initiating sight-seeing service. Office—Washington, D. C. Underwriter—None.

★ City Tavern Association
Nov. 10, 1960 (letter of notification) $250,000 of 5%, 25-year income debentures to be offered to charter members. **Price**—At par. **Proceeds**—For reconstruction of a building. **Address** — P. O. Box 3708, Washington, D. C. **Underwriter**—None.

Click Chemical Corp.
Nov. 3, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of household chemicals. **Proceeds**—To go to a selling stockholder. **Office**—601 S. Columbus Ave., Mt. Vernon, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York, N. Y.

• Coastal Acceptance Corp.
Oct. 3, 1960 (letter of notification) $100,000 of 10-year 7% registered series notes, to be offered in denominations of $100 to $1,000 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **Underwriter** — Shontell & Varick, Manchester, N. H.

★ Coburn Credit Co., Inc.
Nov. 18, 1960 filed 50,000 shares of common stock (par value $1). **Price**—$4 per share. **Business**—Consumer sales finance business. **Proceeds**—For general corporate purposes. **Office**—53 N. Park Avenue, Rockville Centre, N. Y. **Underwriters**—Brand, Grumet & Seigel, Inc. and Kesselman & Co., Inc., New York, N. Y. **Offering**—Expected in early January.

★ Colwell Co.
Nov. 18, 1960 filed $1,000,000 of 6½% subordinated sinking fund debentures, due 1976, each $1,000 debenture to have an attached warrant for the purchase of 50 shares of common stock. Also filed were 60,000 shares of common stock, of which 50,000 shares are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—Originating and servicing loans secured by mortgages on real property. **Proceeds**—For working capital. **Office**—5856 Wilshire Boulevard, Los Angeles, Calif. **Underwriter** — Mitchum, Jones & Templeton, Los Angeles, Calif. and J. A. Hogle & Co., Salt Lake City, Utah.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. Price—To be supplied by amendment. Proceeds — To construct refinery. Underwriter—Lehman Brothers, New York. Offering—Indefinite.

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. Price—$1 per share. Proceeds—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. Office—1321 Lincoln Ave., Little Rock, Ark. Underwriter—The Huntley Corp., Little Rock, Ark.

Consolidated Southern Companies, Inc.
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For the closing payment on a building, repayment of an outstanding loan and for working capital. **Office**—Suite 656, 800 Peachtree St., N. E., Atlanta, Ga. **Underwriter**—Atlanta Shares, Inc., same address as the company.

Consumers Cooperative Association
Oct. 25, 1960 filed $8,000,000 of 5½%, 25-year subordinated certificates of indebtedness, 320,000 shares of 5½% preferred stock, 40,000 shares of 4% second preferred stock, and 1,000 shares of common stock. **Prices**—For the certificates of indebtedness, 100% of principal amount, and for the common stock and both classes of the preferred stock, $25 per share. **Business**—The association is a cooperative wholesale purchasing and manufacturing association and functions as a supply source for local farmers' cooperative associations in several mid-Western States. **Proceeds** — For facility expansion and improvement, with $1,739,600 to be used for the retirement of maturing certificates of indebtedness and redemption prior to maturity of such certificates and the 5½% preferred stock. **Office**—3315 N. Oak Trafficway, Kansas City, Mo. **Underwriter**—None.

Consumers Power Co. (12/12)
Oct. 21, 1960 filed first mortgage bonds in the amount of $35,000,000, maturing in 1990 to be sold for the best price obtainable but not less favorable to the company than a 5¼% basis. **Proceeds**—To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc. **Bids**—Expected to be received on Dec. 12 up to 11:30 a.m., at 300 Park Ave., New York City. **Information Meeting**—Scheduled for Dec. 9 at 11:00 a.m., Bankers Trust Co., 16 Wall St., New York City, 12th floor.

Continental Investment Corp.
Nov. 10, 1960 filed 100,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Business** — Purchasing retail instalment sales contracts and making direct loans secured by personal property. **Proceeds** — To go to selling stockholders. **Office** — 120 S. Third St., Memphis, Tenn. **Underwriter**—J. C. Bradford & Co., Nashville, Tenn. (managing).

• Cook Coffee Co. (12/5)
Oct. 19, 1960 filed 100,000 shares of outstanding common stock (par $1). **Price** — To be supplied by amendment. **Business** — Wholesale and retail grocery business. **Proceeds**—To three selling stockholders. **Office**—16501 Rockside Road, Maple Heights, Cleveland 37, Ohio. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

Coral Aggregates Corp. (11/30)
Aug. 25, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company intends to engage in the extraction and sale of rock. **Proceeds**—For equipment, working capital, and the retirement of indebtedness, with the balance for general corporate purposes. **Office**—7200 Coral Way, Miami, Fla. **Underwriters**—Peter Morgan & Co., New York City, and Robinson & Co., Inc., Philadelphia, Pa.

Cormany Corp.
Sept. 21, 1960 (letter of notification) 91,000 shares of common stock to be sold at par ($2.50 per share). **Business**—Makes and leases oil well testing equipment. **Proceeds**—To buy such equipment and to develop new tools. **Office**—2427 Huntington Drive, San Marino, Calif. **Underwriter** — Jacoby, Daigle & Werner, Inc., 541 South Spring St., Los Angeles, Calif.

Cove Vitamin & Pharmaceutical Inc. (12/19-23)
Sept. 30, 1960 filed 108,000 shares of common stock (par 50 cents), and five-year warrants for the purchase of an additional 54,000 shares of common stock to be offered in units, each unit to consist of two shares and a warrant for the purchase of one share. **Price** — To be supplied by amendment. **Business**—Mail order marketing of vitamins through department stores. **Proceeds** — To implement the company's merchandising plan and for working capital. **Office**—26 The Place, Glen Cove, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York, N. Y.

★ Crumpton Builders, Inc.
Nov. 17, 1960 filed 750,000 shares of common stock, $1,500,000 of 9% convertible debentures due Jan. 10, 1981, and warrants, to be offered in units, each unit to consist of five shares of common stock, one debenture and one warrant. **Price**—To be supplied by amendment. **Business**—The construction of owner completed ("shell") homes. **Proceeds**—To increase mortgage notes receivable and the balance for general corporate purposes. **Office** — 2915 West Hillsborough Ave., Tampa, Fla. **Underwriter** — Courts & Co., Atlanta, Ga. and New York City.

• Cyclomatics, Inc. (11/28-12/2)
Aug. 31, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business**—Motorized and automatic health equipment. **Proceeds** — For inventory and working capital. **Office**—Astoria, L. I., N. Y. **Underwriter**—General Securities Co., 101 W. 57th St., N. Y. 19, N. Y.

Daffin Corp.
Aug. 22, 1960, filed 150,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company makes agricultural implements, feed grinding and mixing equipment for the livestock industry, and conveying and seed cleaning equipment. **Proceeds**—To selling stockholders. **Office**—Hopkins, Minn. **Underwriters**—Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing). **Offering**—Indefinitely postponed.

Dalto Corp.
March 29 filed 431,217 shares of common stock to be offered for subscription by holders of such stock of record Oct. 7 at the rate of one-and-a-half new shares for each share then held. **Price**—$1.25 per share. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—Sterling, Grace & Co., 50 Broad St., New York City. **Offering**—Indefinitely postponed.

• Davega Stores Corp.
Sept. 7, 1960, filed $1,500,000 of 6% convertible subordinated debentures, due 1975, to be offered to holders of its common stock pursuant to preemptive rights. **Price**—$100 per debenture. **Business**—The company operates a chain of 29 retail stores in the metropolitan New York areas in which it sells various electrical appliances and sporting goods and apparel. **Proceeds**—For general corporate purposes, including fixtures and inventory for two new retail discount centers. **Office** — 215 Fourth Ave., New York City. **Underwriter**—Amos Treat & Co., Inc., New York City (managing). **Offering**—Imminent.

Delta Design, Inc.
Sept. 28, 1960 filed 100,000 shares of capital stock. **Price**—$4.50 per share. **Business** — Development of vacuum system components. **Proceeds** — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. **Office**—3163 Adams Ave., San Diego, Calif. **Underwriter**—None.

• Designatronics, Inc. (12/5-9)
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $2.25 per share. **Business**—Manufacturers of electronic equipment. For general corporate purposes. **Office** — 199 Sackett St., Brooklyn, N. Y. **Underwriters** — Cortlandt Investing Corp.; Rothenberg, Heller & Co., Inc. and Joseph Nadler & Co., Inc., New York, N. Y.

Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. Price—Not to exceed $3 per share. Proceeds—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. Office—1221 E. Keating Avenue, Muskegon, Mich. Underwriter—To be supplied by amendment.

• Dial-A-Disk, Inc. (11/28-29)
Nov. 2 (letter of notification in Atlanta, Ga. SEC office) 150,000 shares of 5¢ par common stock. **Price** — $2 per share. **Proceeds**—For the merchandising and sale of phonograph records with a new electronic device. **Office** —North Miami, Fla. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City.

Diketan Laboratories, Inc.
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase inventory, purchase new equipment, for research and new product development and working capital. **Office** — 9201 Wilshire Blvd., Beverly Hills, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles, Calif.

• Does-More Products Corp. (11/28-12/2)
Oct. 12, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds** — To pay notes payable, purchase inventory, for purchase of die and equipment and additional working capital. **Office**—201 W. Semmes St., Osceola, Ark. **Underwriter** — H. L. Wright & Co., Inc., New York, N. Y.

• Drexel Equity Fund, Inc.
Oct. 25, 1960 filed 500,000 shares of common stock (par 10 cents). **Price**—$10.20 per share. **Business**—This is a new mutual fund, organized as a closed-end fund on Oct. 19, which will become open-end pursuant to the public sale of these shares. **Proceeds**—For portfolio investment. **Office**—1500 Walnut Street, Philadelphia, Pa. **Distributor and Investment Adviser**—Drexel & Co., Philadelphia, Pa. **Offering**—Expected in late December.

Durlan, Inc.
Oct. 24, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For promotion, advertising, purchase of equipment and working capital. **Address**—Blooming Glen, Pa. **Underwriter**—Hess, Grant & Remington, Inc., Philadelphia, Pa.

Edwards Industries, Inc.
Sept. 27, 1960 filed 100,000 shares of common stock. **Price** —$4.50 per share. **Proceeds** — For land, financing of homes, and working capital relating to such activities. **Office**—Portland, Oreg. **Underwriter**—Joseph Nadler & Co., Inc., New York City (managing). **Offering**—Expected in mid-December.

Electro Industries, Inc.
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. **Prices**—Of class A common, $2 per share; of additional class A common, 2½ cents per share. **Proceeds** —To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — Carleton Securities Corp., Washington, D. C.

Electro-Mechanics Co.
Oct. 4, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Address**—Westlake Hills, Tex. **Underwriter**—James C. Tucker & Co., Inc., Austin, Tex.

Electro-Nuclear Metals, Inc.
Aug. 31, 1960 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase new equipment, rental and for administrative costs. **Office**—115 Washington Blvd., Roseville, Calif. **Underwriter**—A. J. Taranto & Co., Carmichael, Calif.

Electronic Specialty Co.
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds** —To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriter** — Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Indefinitely postponed.

Elion Instruments, Inc.
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. **Price**—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. **Business**—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. **Proceeds**—To selling stockholders, who are two company officers who will lend the net proceeds to the company. **Office**—430 Buckley St., Bristol, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. **Offering**—Expected in late January-to-early February.

• Epps Industries, Inc. (11/29)
Nov. 2, 1960 filed 100,000 shares of $1 par common stock. **Price**—$3 per share. **Business**—Epps is engaged in distributing and processing sheet and strip steel, picking and treating steel, and manufacturing round and square electric welded steel tubing. **Proceeds**—To repay outstanding bank loans and notes, with the balance for working capital and general corporate purposes, including the installation of an additional tube mill. **Office**—2332 E. 38th St., Los Angeles 58, Calif. **Underwriter**—California Investors, 3932 Wilshire Blvd., Los Angeles 5, Calif.

• Federal Street Fund, Inc.
Sept. 26, 1960 filed a minimum of $20,000,000 market value of shares of its $1 par common stock. **Price**—To be supplied by amendment. **Business**— The company is a newly organized open-end mutual fund. **Proceeds**—For investment. **Office**—140 Federal St., Boston, Mass. **Dealer-Manager** — Goldman, Sachs & Co., New York City (managing).

First American Investment Corp.
Oct. 14, 1960 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Business**—Insurance. **Proceeds**—To acquire control of Western Heritage Life Insurance Co. of Phoenix, and to organize subsidiaries. **Office**—2222 N 16th St., Phoenix, Ariz. **Underwriter**—None.

• First Connecticut Small Business Investment Co.
Aug. 12, 1960 filed 225,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To retire $150,000 of debentures, and for capital for loans for small businesses. **Office**—955 Main St., Bridgeport, Conn. **Underwriter** — Hill, Darlington & Grimm, of New York City. **Offering**—Expected in January.

First Small Business Investment Company of Tampa, Inc.
Oct. 6, 1960 filed 500,000 shares of common stock. **Price** —$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

★ First Western American Corp.
Nov. 9, 1960 (letter of notification) 245,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—To invest in real estate and in a subsidiary corporation. **Office**—105 E. Colorado Ave., Colorado Springs, Colo. **Underwriter**—None.

Florida Suncoast Land & Mining Co.
Sept. 30, 1960 filed 1,050,000 shares of common stock, of which 330,000 shares are to be offered in exchange for certain lands and assets, and the balance will be for public sale. **Price**—To be supplied by amendment. **Proceeds** — For the acquisition and development of land, mining operations and equipment, and the balance for working capital. **Office**—Tarpon Springs, Fla. **Underwriter**—None.

Ford Electronics Corp.
Oct. 4, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay a loan, pay a balance under creditors agreement and for working capital. **Office**—11747 Vose St., North Hollywood, Calif. **Underwriter**—Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif.

• Foremost Industries, Inc.
Oct. 14, 1960 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Business**—Manufacturers of stainless steel food service equipment used by department, drug and variety chain stores, and institutions. **Proceeds**—For expansion; to repay a loan; advertising, sales and promotion; for working capital and general corporate purposes. **Office**—250 W. 57th St., New York, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

Foxboro Co. (12/5-9)
Oct. 18, 1960 filed 211,000 shares of common stock, of which 125,000 shares are to be offered for the account of the issuing company and 86,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including warehouse and plant facilities. **Office**—38 Neponset Ave., Foxboro, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

• Franklin Discount Co.
Aug. 23, 1960, filed $300,000 of 8% subordinated convertible debentures, due serially 1966-1968, and $300,000 of 8% subordinated capital notes due eight years, eight months and eight days after date of issue. **Prices**—At par. **Business**—The company is engaged in the consumer finance or small loan business, and, to a lesser extent, in the purchasing of car, boat, and appliance installment sales contracts from dealers. **Proceeds**—For general corporate purposes. **Office**—105 North Sage Street, Toccoa, Ga. **Underwriter**—None.

Frisch's Restaurants, Inc. (12/5-9)
Oct. 18, 1960 filed 180,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Cincinnati, O. **Underwriter**—Westheimer & Co., Cincinnati, O. (managing).

Gala Industries, Inc.
Oct. 25, 1960 (letter of notification) 16,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds** — For equipment, advertising and sales, working capital, research and development. **Address** — Clifton Forge, Va. **Underwriter**—Storer Ware & Co., Roanoke, Va.

• Gar Wood Ameritronics, Inc.
Oct. 26, 1960 filed 80,000 shares of common stock and 160,000 common stock purchase warrants, to be offered in units consisting of one share of stock and two warrants. **Price** — $4 per unit. **Business** — The firm makes auto and truck bodies, parts, and trailers, and rebuilds and sells vacuum powerbrakes. **Proceeds** — For expansion, inventory, and distribution. **Office**—Kensington & Sedgley Avenues, Philadelphia, Pa. **Underwriter**—Fraser & Co., Inc., Philadelphia, Pa. **Note**—This statement was withdrawn on Nov. 14.

Garsite Corp.
Oct. 12, 1960 filed 100,000 shares of common stock. **Price** —$3 per share. **Business**—A hydrant jet fueling company. **Proceeds**—Expansion. **Office**—Seaford, L. I., N. Y. **Underwriter**—Theodore Arrin & Co., Inc., 82 Beaver St., New York City. **Offering**—Expected in late November to early December.

(Connie B.) Gay Broadcasting Corp.
Sept. 9, 1960 filed 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries own and operate radio and television stations. **Proceeds**—For the acquisition of a television station and two radio stations in Missouri. **Office** — 4000 Albemarle St., N. W., Washington, D. C. **Underwriter**—Hill, Darlington & Grimm, New York City (managing). **Offering**—Indefinitely postponed.

• General Automation Corp. (12/5-9)
Sept. 30, 1960 (letter of notification) 100,000 shares of common stock (par two cents). **Price**—$2 per share. **Business**—Manufacture of machinery. **Proceeds**—For general corporate purposes. **Office**—40-66 Lawrence St., Flushing, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

★ General Bowling Corp. (1/23-27)
Nov. 17, 1960 filed 250,000 shares of common stock (par 10¢). **Price**—$4 per share. **Business**—The issuer owns two bowling establishments, and a tract of land in Indiana County, Pa., on which it hopes to build a third. **Proceeds**—To equip the prospective establishment ($150,000), to repay a bank loan ($50,000), to add eight lanes to a bowling facility ($50,000), and the balance will be used for working capital. **Office**—2 Park Avenue, Manhasset, L. I., N. Y. **Underwriters**—H. S. Simmons & Co., Inc., and McMahon, Lichtenfeld & Co., both of New York City.

General Development Investment Plans, Inc.
Oct. 6, 1960 filed 1,285 of Investment Plans. **Price**—To be offered for public sale with sales commissions ranging from 8% to 10%, depending upon the type of mortgage financing involved. **Proceeds**—For investment in Port St. Lucie Country Club homes, on the east coast of Florida. **Business**—The company is a wholly-owned subsidiary of General Development Corp., whose principal business is the development of large tracts of land into planned communities. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—None.

General Sales Corp. (11/28-12/2)
April 28 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter**—A. J. Gabriel & Co., Inc., New York City.

Genie Petroleum, Inc.
Nov. 10, 1960 filed 838,718 shares of common stock. **Price** —$1 per share. **Business**—Development of oil properties. **Proceeds**—For general corporate purposes. **Office**—5245 W. Irving Park Road, Chicago, Ill. **Underwriter**—The issuer intends to become a licensed broker-dealer in the states in which this offering is to be made, and to offer 338,718 of the shares through its officers and employees. The remaining 500,000 shares will be offered through other licensed broker-dealers on a "best efforts" basis.

Geophysics Corp. of America (12/5-9)
Sept. 28, 1960 filed 50,000 shares of common stock of which 18,750 shares are to be offered for the account of the issuing company and the remaining 31,250 for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New Bedford, Mass. **Underwriter**—C. E. Unterberg, Towbin Co., New York City (managing).

Ginn & Co. (11/29)
Oct. 10, 1960 filed 817,391 shares of common stock (par $1), of which 173,300 shares will be offered for the account of the issuer, and 644,091 shares will be offered for the account of selling stockholders. **Price** — To be supplied by amendment. **Business**—Publication and distribution of text books and related educational materials for schools. **Proceeds**—To reimburse the company's treasury for redemption costs of its preferred stock, and the balance for working capital. **Office**—Statler Office Bldg., Boston, Mass. **Underwriter** — White, Weld & Co., New York City.

Glas Foam Corp. (12/5-9)
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For boat molds, to pay off a mortgage and for working capital. **Address**—Hialeah, Fla. **Underwriter**—Martinelli & Co., Inc., New York, N. Y.

• Globe Security Systems, Inc. (11/28-12/2)
Oct. 13, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Supplying plant security and uniformed guard and investigatory services to industrial and commercial customers. **Proceeds**—For debt reduction, working capital, expansion, and possibly acquisitions. **Office**—2011 Walnut St., Philadelphia, Pa. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

Gold Medal Packing Corp.
June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). **Price**—At par. **Proceeds**—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. **Office**—614 Broad Street, Utica, N. Y. **Business**—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialties. It also sells certain dairy products. **Underwriter**—Ernst Wells, Inc., 15 William Street, New York City.

Golden Crest Records, Inc.
Oct. 25, 1960 filed 85,000 shares of 10c par class A common stock. **Price**—$3 per share. **Proceeds**—The firm

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will use the proceeds of its first public offering for working capital and general corporate purposes. **Office**—Huntington, L. I., N. Y. **Underwriter**—Dean Samitas & Co., Inc., 11 Broadway, New York City. **Offering**—Expected in January.

Great American Industries, Inc.
Nov. 10, 1960 filed 500,000 shares of outstanding common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to selling stockholders. **Office**—485 Fifth Ave., New York, N. Y. **Underwriter**—J. G. White & Co., Inc., New York, N. Y.

Gremar Manufacturing Co., Inc. (11/28-12/2)
Sept. 20, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Manufactures coaxial cable connectors and associated fittings for the electronic and electrical industries. **Proceeds** — For general corporate purposes, including debt reduction, inventory and construction. **Office**—7 North Ave., Wakefield, Mass. **Underwriters**—Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc., New York, N. Y

Gro-Rite Shoe Co., Inc.
Oct. 12, 1960 (letter of notification) an undetermined number of shares of common stock (par $1). **Price**—The offering will not exceed $300,000. **Proceeds**—For working capital. **Address**—Route 2, Box 129, Mount Gilead, N. C. **Underwriter**—American Securities Co., Charlotte, N. C.

● **Guild Musical Instrument Corp. (11/28-12/2)**
Oct. 25, 1960 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds** — For general corporate purposes, including debt reduction, machinery and equipment, inventory, and working capital. **Office**—Hoboken, N. J. **Underwriter**—Michael G. Kletz & Co., Inc., New York City.

Heinicke Instruments Co.
Nov. 10, 1960 filed 67,000 shares of common stock. **Price** To be supplied by amendment. **Business**—The company, together with its subsidiaries, makes stainless steel pumps for its own use and sale to others, and designs and manufactures high frequency cleaning equipment used in the cleaning and sterilization of glassware. **Proceeds**—To reduce by $300,000 the issuer's note in the amount of $470,000 payable to its president, Dr. Kurt J. Heinicke, with the balance for plant and equipment and other general corporate purposes. **Office**—2035 Harding St., Hollywood, Fla. **Underwriter** — Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

Heldor Electronics Manufacturing Corp.
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 238 Lewis Street, Paterson, N. J. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y. **Offering**—Imminent.

Heller, (Walter E.) & Co.
Oct. 24, 1960 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—About $1,000,000 to purchase preferred stock of Nationwide Investment Co., about $1,000,000 to purchase securities of an as yet unorganized firm tentatively named "Credit Acceptance Co.," and the remainder for general corporate purposes. **Office**—105 West Adams St., Chicago, Ill. **Underwriters** — F. Eberstadt & Co. and Dean Witter & Co., both of New York City (managing). **Offering**—Expected in late December to early January.

● **High Point Ski Ways, Inc.**
Oct. 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Operation of a ski area, ice-skating rink, open air theatre, skeet and other shooting ranges. **Proceeds**—For general corporate purposes. **Address**—Port Jervis, N. Y. **Underwriter**—Osborne, Clark & Van Buren, Inc., New York, N. Y. **Offering**—Imminent.

Hilltop, Inc.
Aug. 17, 1960 filed $1,650,000 of 6% subordinated debentures, due 1980, and 1,650 shares of class A common stock, to be offered in units of one $1,000 debenture and one class A share. **Price** — To be supplied by amendment. **Business**—The principal business of the company, which was organized under Kansas law in June, 1959, will be the owning, acquiring, improving, developing, selling, and leasing of improved and unimproved real property. **Proceeds**—To reduce funded debt. **Office**—401 Columbian Bldg., Topeka, Kan. **Underwriter**—None.

★ **Holiday Inns of America, Inc.**
Nov. 16, 1960 filed 127,845 shares of outstanding common stock (par $1.50). **Price**—To be supplied by amendment. **Business** — The firm and its licensees own and operate 162 inns throughout the country. The issuer, through a subsidiary, gains additional revenue from selling various supplies and equipment to motels, principally its licensees. **Proceeds**—To selling stockholders. **Office**—3736 Lamar Ave., Memphis, Tenn. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Expected in mid-December.

Home Builders Acceptance Corp.
July 15, 1960 filed 1,000,000 shares of common stock (par 50c). **Price**—$1 per share. **Business**—The company is engaged in real estate financing and lending. **Proceeds**—For general corporate purposes. **Office** — 409 N. Nevada, Colorado Springs, Colo. **Underwriter**—None.

Howell Instruments Inc.
Oct. 4, 1960 filed 140,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Address** — Fort Worth, Texas **Underwriters**—G. H. Walker & Co., New York, N. Y. and Dewar, Robertson & Pancoast, San Antonio, Tex. **Offering**—Expected in early December.

Hydroswift Corp.
Oct. 20, 1960 filed 70,000 shares of common stock. **Price**—$5 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office** — 1750 South 8th St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

● **Illinois Beef, L. & W. S., Inc.**
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa.

Industrial Control Products, Inc.
Nov. 1, 1960 filed 125,000 shares of 10¢ par class A stock. **Price**—$4 per share. **Business**—The design and manufacture of control systems and subcontracted precision machining. The firm has recently begun to make double-diffused, broad base silicon diodes, but is not yet in commercial production of these items. **Proceeds**—For expenses of semi-conductor production, research and development, advertising and selling, inventory, and general funds. **Office**—78 Clinton Road, Caldwell Township, N. J. **Underwriter**—Edward Hindley & Co., 99 Wall Street, New York 5, N. Y. (managing). **Offering**—Expected in mid-January.

Industrial Hose & Rubber Co., Inc. (11/28-12/2)
Aug. 31, 1960 filed 125,000 shares of common stock. **Price**—$4 per share. **Proceeds** — Toward the repayment of notes, new machinery, additional inventory, and the balance for working capital. **Office** — Miami, Fla. **Underwriter**—Schrijver & Co., New York City (managing).

International Diode Corp.
July 29, 1960 filed 42,000 shares of 6% non-cumulative convertible preferred stock (par $8). **Price** — $8 per share. **Business**—Makes and sells diodes. **Proceeds**—To establish a staff of production and sales engineers, finance new product development, buy equipment, and add to working capital. **Office**—90 Forrest St., Jersey City, N. J. **Underwriter**—Ernst Wells, Inc., New York City.

International Mosaic Corp. (11/28-12/2)
Sept. 30, 1960 (letter of notification) 93,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture of glass mosaics by machines and processes. **Proceeds** — For general corporate purposes. **Office**—45 East 20th St., New York 3, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y.

Investors Preferred Life Insurance Co.
Sept. 26, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For capital and surplus accounts. **Office**—522 Cross St., Little Rock, Ark. **Underwriter** — Life Securities, Inc., P. O. Box 3662, Little Rock, Ark.

Iowa Power & Light Co. (12/6)
Nov. 7, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce past and future bank loans incurred for construction, the aggregate cost of which is estimated at $20,500,000 for 1960-1961. **Office** — 823 Walnut Street, Des Moines, Iowa. **Underwriter**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co.; Stone & Webster Securities Corp. and First Boston Corp. **Bids**—To be received on Dec. 6 up to 2:30 p.m. (CST), Assembly Room, 8th floor, Harris Bank Bldg., 111 W. Monroe St., Chicago, Ill.

Iowa Power & Light Co. (1/11)
Nov. 7, 1960 filed $10,000,000 of first mortgage bonds, due 1991. **Price**—To be supplied by amendment. **Proceeds**—To reduce past and future bank loans incurred for construction, the aggregate cost of which is estimated at $20,500,000 for 1960-1961. **Office**—823 Walnut Street, Des Moines, Iowa. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Equitable Securities Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc., Lehman Brothers; Eastman Dillon, Union Securities & Co.; Blyth & Co. and Kidder, Peabody & Co. **Bids**—Expected to be received on Jan. 11 up to 10:00 a.m. (CST) at the Assembly Room, 8th floor, Harris Bank Bldg., 111 W. Monroe St., Chicago, Ill.

Irving Fund for Investment in U. S. Government Securities, Inc.
July 22, 1960, filed 400,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—To be supplied by amendment. **Attorneys** — Brinsmade & Shafrann, 20 Pine Street, New York 5, N. Y.

★ **Israel Development Corp.**
Nov. 21, 1960 filed $3,000,000 of 5½% convertible sinking fund debentures, series A, due 1975, and 100,000 shares of common stock underlying such debentures. **Price**—To be offered in denominations of $500, $1,000 and $5,000, payable in cash or State of Israel bonds. **Business**—The company is a closed-end investment company which makes funds available for the economic development of Israel. **Proceeds**—To invest in establishing or existing Israeli businesses. **Office**—17 East 71st St., New York City. **Underwriter**—None.

Jonker Business Machines, Inc.
Sept. 30, 1960 filed 50,000 common stock units, each unit to consist of one share of class A common and 3 shares of class B common, to be offered for subscription by holders of its common stock. **Price**—The price and the basis of the rights offering will be supplied by amendment. **Proceeds**—To establish sales and information centers, establish distributorships, expansion, and the balance for working capital. **Office**—404 No. Frederick Ave., Gaithersburg, Md. **Underwriter** — Hodgdon & Co., Inc., Washington, D. C.

Jungle Juice Corp.
Oct. 28, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For working capital and expansion. **Address**—Seattle, Wash. **Underwriters**—Planned Investing Corp., New York, N. Y. and Fidelity Investors Service, East Meadow, N. Y. **Offering**—Expected sometime in Janaury.

★ **Kaddis Manufacturing Corp.**
Nov. 21, 1960 (letter of notification) 12,020 shares of common stock (par $10). **Price**—$17 per share. **Business**—Manufacturers of metal screw machine products, miniature valves and fabricated assemblies. **Proceeds**—For general corporate purposes. **Office** — 3161 Hudson Avenue, Rochester, N. Y. **Underwriter**—None.

Kanavau Corp.
Sept. 30, 1960 filed 250,000 shares of common stock (par $1). **Price**—$10 per share. **Business**—A real estate investment company. **Proceeds**—For acquisition of properties, working capital and general corporate purposes. **Office**—415 Lexington Ave., New York, N. Y. **Underwriter**—Ira Investors Corp., New York, N. Y.

● **Keyes Fibre Co.**
Oct. 4, 1960 filed $10,000,000 of 5¼% convertible subordinated debentures, due 1985, with attached warrants for the purchase of 500,000 shares of common stock being offered to holders of record Nov. 18 of outstanding preferred and common stock, on the basis of $100 of debentures for each 15 shares of common or preferred held with rights to expire on Dec. 1. The debentures are not convertible until after Nov. 30, 1965. **Price**—98.63% and accrued interest. **Proceeds**—Construction of a new plant, additional equipment and the balance for working capital. **Office** — Upper College Avenue, Waterville, Maine. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

Keystone Alloys Co.
Oct. 28, 1960 filed 107,755 shares of common stock, of which 32,755 shares are to be offered for the account of the issuing company and 75,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The company makes aluminum siding and accessories, coated materials, aluminum railing and columns for interior and exterior use, and a variety of aluminum combination storm-screen sash and doors and related products. **Proceeds**—$150,000 will be used to finance the construction and installation of an additional paint line, with the balance for working capital. **Office**—511 Mellon Bank Bldg., Latrobe, Pa. **Underwriter** — Singer, Deane & Scribner, Pittsburgh, Pa. (managing).

● **Kirk (C. F.) Laboratories, Inc.**
Sept. 28, 1960 (letter of notification) 99,900 shares of common stock (par 20 cents). **Price**—$3 per share. **Business**—Manufacturers of drugs. **Proceeds** — For general corporate purposes. **Office**—521 West 23rd St., New York, N. Y. **Underwriter**—Schriiver & Co., New York, N. Y. **Offering**—Imminent.

● **Koeller Air Products, Inc. (11/28-12/2)**
Aug. 31, 1960 filed 100,000 shares of common stock (par 5 cents) and 50,000 warrants to be offered in units, each unit to consist of 2 shares of common stock and 1 warrant. Each full warrant is convertible into one share of common within a year from the date of offering at $2 per share. **Price**—$4 per unit. **Business**—The firm distributes hydrogen, nitrogen, oxygen, and welding equipment. **Proceeds** — For general corporate purposes. **Office**—596 Lexington Ave., Clifton, N. J. **Underwriter**—Lloyd Securities, 150 Broadway, New York City.

LP Gas Savings Stamp Co., Inc.
Sept. 27, 1960 (letter of notification) 30,000 shares of common stock **Price**—At par ($10 per share). **Proceeds**—For purchase of creative design and printing of catalogs, stamp booklets, advertising and for working capital. **Office**—300 W. 61st St., Shreveport, La. **Underwriter**—International Sales & Investment, Inc., 4501 North Blvd., Baton Rouge, La.

Lake Central Airlines, Inc.
Nov. 9, 1960 filed 130,000 shares of $20 par preferred stock. **Price**—To be supplied by amendment. **Business**—The issuer is a local service airline operating primarily in the midwest. **Proceeds**—Together with a $3,000,000 bank loan, the proceeds will be used to acquire more planes and for other purposes germane to expansion. **Office**—Indianapolis, Ind. **Underwriter**—William Blair & Co., Chicago, Ill. (managing).

"Lapidoth" Israel Oil Prospectors Corp. Ltd.
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

● **Lawndale Industries, Inc.**
Aug. 15, 1960 filed 100,000 shares of class A stock. **Price**—$5 per share. **Business**—The manufacture of porcelain

enameled steel plumbing fixtures. **Proceeds** — For the construction and equipping of a new plant, and the reduction of outstanding bank loans. **Office** — Haven & Russell Aves., Aurora, Ill. **Underwriter**—Paul C. Kimball & Co. of Chicago, Ill.

Leadville Water Co.
June 28, 1960 (letter of notification) $220,000 of 20-year 6% series A first mortgage coupon bonds to be offered in denominations of $1,000. **Price**—At par. **Proceeds**—For a mortgage payment, outstanding notes, construction of a new water supply and general corporate purposes. **Office**—719 Harrison Ave., Leadville, Colo. **Underwriter**—H. M. Payson & Co., Portland, Me.

Liberian Iron Ore Ltd.
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. **Price**—For units, to be supplied by amendment, and not to be in excess of par. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S **Underwriter**—White, Weld & Co., Inc., New York. **Note** — This offering has temporarily been postponed.

Lifetime Pools Equipment Corp.
July 1, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—First Pennington Corp., Pittsburgh, Pa. **Offering** — Expected in December.

Living Aluminum, Inc. (11/28-12/2)
Oct. 3, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Manufacturers of aluminum furniture and other household products. **Proceeds**—For additional equipment; purchase of a building; plant expansion and working capital. **Office**—40 Gazza Blvd., Farmingdale, N. Y. **Underwriters**—Arnold Malkan & Co., Inc. and Sulco Securities, Inc., New York, N. Y.

● **Long Island Plastics Corp. (11/28)**
Oct. 26 (letter of notification) 300,000 shares of common stock (10c par). **Price**—$1 per share. **Business**—Conversion of waste or scrap nylon into pellets for use in gears and other products, and the treatment of reclaimed nylon so as to permit its mixture and blending with various plastics. **Proceeds** — For additional equipment, inventory, and working capital. **Office** — Farmingdale, L. I., N. Y. **Underwriter**—The James Co., 369 Lexington Ave., New York City.

Lo:al Electronics Corp. (11/28-12/2)
Oct. 27, 1960 filed $5,000,000 of convertible subordinated debentures, due Dec. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For plant additions, acquisitions, and working capital. **Office**—825 Bronx River Ave., New York City. **Underwriters**—Kidder, Peabody & Co., Lehman Brothers, and Model, Roland & Stone, all of New York City (managing).

● **Madigan Electronic Corp. (12/12-16)**
Oct. 5, 1960 filed 110,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Business**—The design manufacture and sale of electronic equipment for use primarily in weapons and data processing systems. **Proceeds**—Reduction of indebtedness and working capital. **Office**—200 Stonehinge Lane, Carle Place, N. Y. **Underwriter**—McLaughlin, Kaufman & Co., New York City

Marine & Electronics Manufacturing Inc.
Sept. 22, 1960 (letter of notification) 100,000 shares of common stock class A (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—Hagerstown, Md. **Underwriter**—Batten & Co., Washington, D. C.

Marine View Electronics, Inc.
Oct. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office**—88-06 Van Wyck Expressway, Jamaica 18, N. Y. **Underwriter**—Fund Planning, Inc., New York, N. Y.

Marsh Supermarkets, Inc. (12/15)
Nov. 4, 1960 filed $2,000,000 of convertible subordinated debentures, due Dec. 15, 1980. **Price**—To be supplied by amendment. **Business** — The corporation, directly and through two subsidiaries, operates a chain of 67 supermarkets, a bakery and ice cream plant, and processes and packages delicatessen items. **Proceeds**—For general corporate purposes, including the redemption of preferred stock and expenses incidental to the opening of new outlets. **Address**—Yorktown, Ind. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

★ **Mensh Investment & Development Associates, Inc.**
Nov. 17, 1960, filed (1) $1,100,250 of 8% convertible subordinated debentures, due Sept. 1, 1970, and 36,675 shares of capital stock (par $1) to be offered in units of $750 of debentures and 25 shares of stock; (2) $969,000 of debentures and 32,300 shares of stock to be offered for subscription by stockholders and (3) approximately $142,860 of debentures and not to exceed 5,000 shares of stock to be offered in exchange for the 6% debentures, due March, 1961, of its subsidiary, Mentos Investments, Inc. **Price**—(1) $1,100 per unit; (2) 100% per debenture and $10 per share of stock. **Business** — The principal assets of the company are an office building at 1910 K St., N. W., Washington, D. C. **Proceeds**—To retire certain obligations; make improvements on property; retire debentures due 1961, and to construct or acquire income producing properties. **Office**—1625 Eye St., Washington, D. C. **Underwriter**—None.

★ **Metro Real Estate Investment Trust**
Nov. 10, 1960 (letter of notification) certificates of beneficial interest for 3,000 shares of common stock not to exceed $300,000 in aggregate. **Proceeds** — To invest in real estate. **Office** — 907 Crutchfield St., Falls Church, Va. **Underwriter**—None.

Metropolitan Telecommunications Corp. (11/28-12/2)
Sept. 27, 1960 filed $600,000 of convertible subordinated debentures, to be offered for the account of the issuing company, and 25,000 shares of outstanding common stock, to be offered for the account of four company officers, the selling stockholders. **Prices**—For the debentures, at par; for the common, to be supplied by amendment. **Business**—The company makes and sells electronic and communications equipment. **Proceeds**—For general corporate purposes including debt reduction, working capital, and expansion. **Office** — Ames Court, Plainview, N. Y. **Underwriters**—M. L. Lee & Co., Inc and Milton D. Blauner & Co., Inc., both of New York City (managing).

Mid-America Life Insurance Co.
Oct. 11, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price** — $2.75 per share. **Proceeds**—For capital and surplus accounts. **Office**—318 Northwest 13th St., Oklahoma City, Okla. **Underwriter**—F. R. Burns & Co., Oklahoma City, Okla.

Midland-Guardian Co.
Oct. 27, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The firm discounts retail instalment sales notes for dealers in shell homes, mobile homes, and cars; finances at wholesale inventories of dealers in mobile homes and cars; makes small loans directly to borrowers; and operates various insurance subsidiaries, including a life insurance company. **Proceeds**—To repay short-term bank loans, which on Sept. 30 amounted to $31,529,000. **Office**—1100 First National Bank Bldg., Cincinnati, O. **Underwriter**—Kidder, Peabody & Co., New York City (managing). **Offering**—Expected in December.

● **Midwestern Acceptance Corp.**
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85¢ of debentures. **Price** — $1 per unit. **Business** — The company will do interim financing in the home building industry. **Proceeds** — To start its lending activities. **Address** — P. O. Box 886, Rapid City, S. D. **Underwriter**—None.

Mineral Concentrates & Chemical Co., Inc.
Nov. 10, 1960 filed 75,000 shares of common stock. **Price**—$5 per share. **Business**—Production of beryllium oxide. **Proceeds** — To pay two corporate notes; plant improvements; research and experimentation with flotation process; and working capital. **Office**—1430 First National Bank Bldg., Denver, Colo. **Underwriter**—None.

★ **Minneapolis Gas Co.**
Nov. 21, 1960, filed 228,346 shares of common stock to be offered for subscription by common stockholders on the basis of one share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds** — For repayment of bank loans and for additions to the property. **Office**—739 Marquette Ave., Minneapolis 2, Minn. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn.

Mobile Credit Corp.
Sept. 14, 1960 filed 25,874 shares of common stock and 1,000 shares of $100 par 6% cumulative convertible preferred stock. The stock will be offered for subscription by shareholders of record on the basis of two shares of new common for each three such shares held and one share of new preferred for each 38.81 common shares held, the record date in each case being Sept. 1, 1960. **Prices**—For common, $10 per share; for preferred, $100 per share. **Business**—The purchase of conditional sales contracts from dealers in property so sold, such as mobile homes, trailers, boats, and motorcycles. **Proceeds**—For working capital. **Office**—100 E. Michigan Ave., Jackson, Mich. **Underwriter**—None.

● **Model Finance Service, Inc. (11/28-12/2)**
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

● **Mohawk Insurance Co. (12/5-9)**
Aug. 8, 1960, filed 75,000 shares of class A common stock. **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co. Inc., 39 Broadway, New York 6, N. Y.

Monarch Electronics International, Inc.
Oct. 31, 1960 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company, organized in 1958 under the name Arrow Electronics International, Inc., imports and sells electronic and high fidelity parts and equipment. **Proceeds**—To retire bank loans and for working capital. **Office**—7035 Laurel Canyon Boulevard, North Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., 240 Montgomery Street, San Francisco, Calif. **Offering**—Expected sometime in January.

Mortgage Guaranty Insurance Corp.
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State. **Offering**—Expected in early December.

★ **Mountain Development Corp.**
Nov. 15, 1960 (letter of notification) $220,000 of 5-year 7% non-callable debentures to be offered in denominations of $110. **Price**—At par. **Proceeds**—For operation of an amusement park or parks. **Office**—111 Russell St., Orangeburg, S. C. **Underwriter**—None.

● **Mountain States Telephone & Telegraph Co.**
Oct. 28, 1960 filed 6,729,142 shares of capital stock being offered to stockholders of record Nov. 28 on the basis of one new share for each five shares then held. Rights expire Dec. 20. **Price**—$12.50 per share. **Proceeds**—To repay short-term loans made to finance construction. **Office**—931 14th St., Denver, Colo. **Underwriter**—None.

● **NAC Charge Plan & Northern Acceptance Corp.**
Sept. 21, 1960 (letter of notification) 60,000 shares of common stock class A (par 60 cents). **Price**—$5 per share. **Proceeds**—For company expansion. **Office**—5 E. Centre St., Baltimore, Md. **Underwriters**—Sade & Co., Bellamah, Neuhauser & Barrett, Washington, D. C., McCarley & Co., Asheville, N. C. and Murphy & Co., Denver, Colo.

National Aeronautical Corp. (1/4)
Nov. 8, 1960 filed 60,000 shares of $1 par common stock. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Ft. Washington, Pa. **Underwriters**—White, Weld & Co., New York City, Yarnall, Biddle & Co. and Stroud & Co., Inc., both of Philadelphia (jointly).

● **National Airlines, Inc.**
Sept. 21, 1960 filed $10,288,000 of convertible subordinated debentures, due 1975, to be offered for subscription by holders of the outstanding common stock on the basis of $100 of debentures for each 18 common shares held. **Price**—To be supplied by amendment. **Business**—Domestic and international transport of persons, property, and mail. **Proceeds**—To make payments on planes and reduce short-term indebtedness, with the balance for general corporate purposes. **Office** — Miami International Airport, Miami, Fla. **Underwriter** — Lehman Brothers, New York City (managing). **Offering**—Expected in late December.

● **National Film Studios, Inc. (11/28-12/2)**
Sept. 20, 1960 (letter of notification) 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For expansion of the business. **Office**—Washington, D. C. **Underwriter**—R. Baruch & Co., 1518 K St., N. W., Washington, D. C.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y. **Offering**—Indefinite.

National Western Life Insurance Co.
Sept. 13, 1960 filed 225,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the sale of shares to be issued as a result of options, in the amount of $1,106,407.50 for the discharge of indebtedness and general corporate purposes. **Office**—Denver, Colo. **Underwriter**—Peters, Writer & Christensen Inc., Denver, Colo. **Offering** — Expected sometime in December.

● **Nationwide Tabulating Corp. (11/28-12/3)**
Sept. 19, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Tabulating of industry and government records. **Proceeds**—For general corporate purposes including working capital. **Office**—384 Clinton St., Hempstead, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York, N. Y.

● **Navajo Freight Lines, Inc.**
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden, Stone & Co. and Lowell, Murphy & Co. (jointly). **Offering**—Indefinitely postponed.

● **New Canaan Co. (12/12)**
Nov. 7, 1960 (letter of notification) 8,000 shares of class A capital stock (no par) and 2,000 shares of class B capital stock (no par) to be offered in units of 4 shares of class A and 1 share of class B for subscription by holders of class A and class B stock. Rights expire on Nov. 18, 1960. **Price**—$101 per unit. **Proceeds**—To repay a bank loan, loans to subsidaries and for working capital. **Office**—39 South Ave., New Canaan, Conn. **Underwriter** — Glidden, Morris & Co., 165 Broadway, New York, N. Y.

New Western Underwriting Corp.
Oct. 25, 1960 filed $2,000,000 of 15-year 6% subordinated convertible debentures. **Business** — The company which was organized in August, 1959, is developing, through subsidiaries, a dealer-recourse finance business and a life insurance business. **Proceeds**—For expansion. **Price**—At par. **Office**—Helena, Mont. **Underwriter**—Wilson, Ehli, Demos, Bailey & Co., Kook Bldg., 3203 3rd Ave., North Billings, Mont.

★ **Newman & Lunson, Inc.**
Nov. 14, 1960 (letter of notification) 286,900 shares of class A common stock. **Price** — At par ($1 per share).

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Proceeds—To operate a new busness. **Office**—4800 Indian Head Highway, Oxon Hill, Md. **Underwriter**—None.

Newton Shopping Center, Inc.
Oct. 21, 1960 (letter of notification) $300,000 of 6% sinking fund debentures to be offered in denominations of $1,000 each. **Price**—At face value. **Proceeds**—For working capital and construction of a shopping center. **Office**—200 Hillcrest Bldg., Ralston, Neb. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

★ **Nitrogen Oil Well Service Co.**
Nov. 15, 1960 (letter of notification) 29,598 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To purchase trucks and storage vessels. **Office**—3602 W. 11th Street, Houston, Tex. **Underwriter**—None.

Normandy Oil & Gas, Inc.
Aug. 31, 1960 filed 750,000 shares of common stock. **Price**—$1 per share. **Business**—Oil and gas exploration and production. **Proceeds** — For general corporate purposes. **Office**—620 Oil & Gas Bldg., Wichita Falls, Texas. **Underwriter**—None, but 102,500 of the shares are reserved for commissions to selling brokers at the rate of 15 shares for each 100 shares sold.

Northern States Power Co. (Minn.) (12/6)
Oct. 27, 1960 filed $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly). **Bids** — Expected to be received Dec. 6 up to 10:00 a.m. (CST) at Room 1100, 231 So. La Salle St., Chicago 4, Ill.

Nu-Line Industries, Inc.
Sept. 28, 1960 filed 200,000 shares of common stock, of which 175,000 shares are to be offered for the account of the issuing company and 25,000 shares, representing outstanding stock, are to be offered for the account of the issuer's president. **Price**—To be supplied by amendment. **Proceeds**—For capital equipment, research, sales development, and working capital. **Office**—Minneapolis, Minn. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn. (managing).

● **Paddington Corp. (11/28-12/2)**
Sept. 28, 1960 filed 36,498 shares of outstanding common stock. **Price**—To be related to the price of the stock on the American Stock Exchange at the time of the public offering. **Proceeds**—To selling stockholders. **Office**—630 Fifth Ave., New York City. **Underwriters**—Lee Higginson Corp. and H. Hentz & Co., both of New York City (managing).

Pall Corp. (12/5-9)
Oct. 27, 1960 filed 80,000 shares of class A stock (par $1), of which 30,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The firm produces metal and plastic filters for defense and consumer industries. **Proceeds**—For expansion, working caiptal, and to finance the company's entry into fibre glass manufacture. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., N. Y. **Underwriter**—L. F. Rothschild & Co., New York City (managing).

● **Palm Developers Limited (12/27-30)**
Sept. 8, 1960, filed 100,000 shares of common stock (par 1 shilling). **Price** — $3 per share. **Business** — The company intends to deal in land in the Bahamas. **Proceeds**—To buy land, and for related corporate purposes. **Office**—6 Terrace, Centreville, Nassau, Bahamas. **Underwriter**—David Barnes & Co., Inc., New York City.

Pathe Equipment Co., Inc.
Oct. 17, 1960 filed 125,000 shares of class A stock (par 75 cents), of which 42,500 shares are to be offered for the account of the company and 72,500 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The remaining 10,000 shares have been acquired by the underwriter and Hampstead Investing Corp., as a finder's fee. **Price**—$5 per share. **Business**—Developing and producing automatic multiple needle and specialized sewing equipment. **Proceeds**—For general corporate purposes. **Office** — 16 Leliart's Land, East Paterson, N. J. **Underwriters** — Amos Treat & Co., Inc. and William Stix Wasserman & Co., Inc., New York, N. Y. **Offering**—Expected in early December.

● **Patrician Paper Co., Inc. (12/12-16)**
Oct. 14, 1960 filed $750,000 of 7% unsecured subordinated notes due 1964 and 100,000 shares of common stock to be offered in units of $7.50 of notes and one share of common stock. **Price**—To be supplied by amendment. **Business**—The company manufactures facial and toilet tissues. **Proceeds**—For acquisition of property, to acquire machinery and equipment, and for repayment of certain loans. **Office** — 485 Lexington Ave., New York, N. Y. **Underwriter** — Hill, Darlington & Grimm, New York, N. Y.

★ **Peerless Tube Co.**
Nov. 22, 1960 filed 150,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To increase automation of production lines, for research and development, and the balance for working capital. **Office**—Bloomfield, N. J. **Underwriter**—Winslow, Cohu & Stetson, Inc., New York City.

● **Penobscot Chemical Fibre Co. (12/12-16)**
Oct. 24, 1960 filed $3,250,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Business**—Makes wood pulp, which it sells directly to the users, nearly all of whom are paper manufacturers. **Proceeds**—For construction, and for the reduction of indebtedness incurred for construction. **Office**—211 Congress St., Boston, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. (managing).

Philadelphia Aquarium, Inc.
Oct. 14, 1960 filed $1,700,000 of 6% debentures due 1975 and 170,000 shares of capital stock (par 50 cents) to be offered in units, each consisting of one $100 debenture and 10 shares of stock. **Price**—$150 per unit. **Business**—Operation of an aquarium in or about Philadelphia. **Proceeds**—To acquire ground and to construct an aquarium building or buildings. **Office**—2635 Fidelity-Philadelphia Trust Building, Philadelphia, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa. **Offering**—Expected in early December.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock being offered for subscription by stockholders of record Aug. 25, at the rate of one new share for each 5½ shares held with rights to expire at 3:30 p.m. on Dec. 14. **Price**—U. S. price is 1.3 cents per share; Philippine price is 3 centavos per share. **Proceeds** — To be added to the company's working capital. **Office**—Soriano Bldg., Manila, Philippines. **Underwriter**—None. **Note**—The subscription offer has been extended.

Photogrammetry, Inc.
Aug. 10, 1960 (letter of notification) 13,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For retirement of a short term note and working capital. **Office** — 922 Burlington Ave., Silver Spring, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

Pik-Quik, Inc.
July 27, 1960 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The organization and operation of self-service markets in Florida under the names of "Pik-Quik" and "Tom Thum." There are now 31 such markets. **Proceeds**—Together with other funds, the proceeds will be used to purchase substantially all of the assets of Plymouth Rock Provision Co., Inc. **Office**—Baker Bldg., Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., Inc., New York City have withdrawn as underwriters.

Pioneer Electronics Corp.
Oct. 26, 1960 filed 217,902 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each share held. **Price**—$1 per share. **Proceeds** — To retire current liabilities, for capital expenditures, and for working capital. **Office**—2235 S. Carmelina Ave., Los Angeles, Calif. **Underwriter**—None.

Plastics & Fibers, Inc.
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y. **Note**—The underwriter states that this offering will be delayed.

★ **Plated Wires & Electronics, Inc.**
Nov. 16, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—Manufacturers of assorted wires, including special wires for high temperature controls. **Proceeds**—For general corporate purposes. **Office**—63 Main Street, Ansonia, Conn. **Underwriter**—J. B. Coburn Associates, New York, N Y.

★ **Pneumodynamics Corp.**
Nov. 22, 1960 filed 175,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company is primarily a government defense contractor, supplying products and services requiring advanced technology. **Proceeds** — To repay indebtedness and the balance for working capital. **Office**—3781 E. 77th St., Cleveland, Ohio. **Underwriters**—Hemphill, Noyes & Co. and Estabrook & Co. **Offering**—Expected in January.

★ **Pocket Books, Inc. (1/10)**
Nov. 17, 1960 filed 600,000 outstanding shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Business** — The issuer publishes and distributes paperback books, distributes publications of other publishers, and sells phonograph records. **Proceeds**—To selling stockholders. **Office**—630 Fifth Ave., New York City. **Underwriters**—White, Weld & Co. and Goldman, Sachs & Co., both of New York (managing).

★ **Polysonics, Inc.**
Nov. 18, 1960 (letter of notification) 70,000 shares of 1 cent par common stock. **Price**—$3 per share. **Business**—The company, formed last July, will act as theatrical producers and will produce jazz festivals, concerts, records and commercial films. The firm also plans to enter the development and merchandising of new commercial color sound process for industrial and commercial advertising. **Proceeds**—For working capital. **Office**—480 Lexington Avenue, New York City. **Underwriters**—M. H. Meyerson & Co., Ltd., 15 William Street, New York City (managing); Karen Securities Corp., New York City, and Selected Investors, Brooklyn, New York. **Offering**—Expected in mid-December.

★ **Popell (L. F.) Co.**
Nov. 18, 1960 filed 99,996 shares of common stock to be offered for subscription by common stockholders at the rate of one share for each three shares of common stock held. **Price**—To be supplied by amendment. **Business**—Distribution, sale and installation of building, insulating and acoustical products. **Proceeds**—For plant construction; expansion of its distribuiton of Perma-Glaze and working capital. **Office**—2501 Northwest 75th Street, Miami, Fla. **Underwriter**—To be supplied by amendment.

★ **Porce-Cote Research & Development Corp.**
Nov. 18, 1960 (letter of notification) 50,000 shares of class A stock (par 10 cents). **Price**—$5 per share. **Business**—Research and development of chemical products. **Proceeds**—For general corporate purposes. **Office**—336 Uniondale Ave., Uniondale, N. Y. **Underwriter**—Suburban Investors Corp., Uniondale, N. Y.

Potomac Electric Power Co. (12/7)
Nov. 10, 1960 filed $40,000,000 of 35-year first mortgage bonds. **Price**—To be supplied by amendment. **Proceeds**—To retire $9,725,000 of bank loans and for construction. **Office**—929 "E" St., N. W., Washington, D. C. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; First Boston Corp.; Dillon Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers and Eastman Dillon, Union Securities Corp. (jointly). **Bids**—Tentatively expected on Dec. 7.

★ **Precisioncraft Electronics, Inc.**
Nov. 14, 1960 (letter of notification) 150,000 shares of capital stock (no par). **Price**—$1 per share. **Proceeds**—To retire a bank loan and to purchase building inventories and for working capital. **Office**—5335 W. 102nd St., Los Angeles, Calif. **Underwriter**—Garat & Polonitza, Inc., Los Angeles, Calif. and Triad Investment Co., Beverly Hills, Calif.

● **Preferred Risk Life Assurance Co. (12/15)**
Aug. 18, 1960 filed 300,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For general corporate purposes. **Office** — 20 East Mountain St., Fayetteville, Ark. **Underwriter**—Preferred Investments, Inc., a subsidiary of the issuer.

Process Lithographers, Inc.
Sept. 28, 1960 filed 145,000 shares of common stock (par 10 cents), of which 125,000 shares are for public offering, and 20,000 shares are to be offered for the account of Solomon Roskin, President. **Price** — $5 per share. **Proceeds** — Toward the repayment of indebtedness, new equipment, and working capital. **Office**—200 Varick St., New York City. **Underwriter**—First Broad St. Corp., New York City (managing).

★ **Programming & Systems Institute, Inc.**
Nov. 17, 1960 (letter of notification) 12,500 shares of common stock (no par). **Price**—2 per share. **Proceeds**—For general corporate purposes. **Office**—Hotel Collingwood, 45 W. 43rd Street, New York, N. Y. **Underwriter**—None.

Puritron Corp.
Aug. 3, 1960 filed 250,000 shares of common stock, of which 200,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of Joseph Stein, President, the present holder thereof. **Price**—To be supplied by amendment. **Business**—Makes and sells electronic air purifiers and range hoods. **Proceeds** — To retire indebtedness, with the balance for capital expenditures. **Office**—New Haven, Conn. **Underwriter** — Bache & Co., New York City (managing). **Offering**—Indefinite.

R. E. D. M. Corp.
Sept. 27, 1960 filed 100,000 shares of common stock. **Price** $3.50 per share. **Proceeds**—For working capital ($217,250) and production machinery and equipment ($50,000). **Office**—Little Falls, N. J. **Underwriter**—Robert Edelstein & Co., Inc., New York City. **Offering**—Expected sometime in January.

● **Radar Measurements Corp. (1/5)**
Sept. 28, 1960 (letter of notification) 85,700 shares of common stock (par $1). **Price**—$3.50 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office** — 190 Duffy Ave., Hicksville, N. Y. **Underwriter**—Blaha & Co., Inc., 29-28 41st Avenue, Long Island City 1, N. Y.

● **Rajac Self-Service, Inc.**
Nov. 15, 1960 filed 154,375 shares of common stock ($10 par). **Price**—$3 per share. **Proceeds**—$30,000 will be used to pay an outstanding note, $87,500 will be used for the acquisition, constructing, and equipping of an additional plant, $22,500 will be used to cover the expenses of offering the stock, and the balance will be used to reduce indebtedness and purchase equipment. **Office**—Mt. Vernon, N. Y. **Underwriter**—The James Co., 369 Lexington Avenue, New York 17, N. Y. **Offering**—Expected sometime in January.

Real Estate Mutual Fund
Oct. 14, 1960 filed 200,000 shares of beneficial interest. **Price**—$5 per share. **Business**—An open-end real estate investment trust specializing in investment real estate. **Office** — 606 Bank of America Bldg., San Diego, Calif. **Distributor**—Real Estate Mutual Distributors, Inc., San Diego, Calif.

Resisto Chemical, Inc. (11/28-12/2)
Aug. 29, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The firm makes and sells protective coatings for packaging and fabrics, and products used in insulation. **Proceeds**—For working capital ($235,358), with the balance for machinery, equipment, and general corporate purposes. **Office** — New Castle County Air Base, New Castle County, Del. **Underwriter**—Amos Treat & Co., Inc., New York City.

● **Restaurant Associates, Inc.**
Nov. 16, 1960 filed 245,000 shares of $1 par common stock, of which 195,000 shares will be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business** — The issuer operates a wide variety of restaurants, coffee shops, and cafeterias, mostly in New York City, including The Four Seasons and The Forum of the Twelve Caesars. **Proceeds**—For working capital and expansion. **Office**—515 W. 57th St., New York City. **Underwriter**—Shearson, Hammill & Co., New

York City (managing). **Offering** — Expected in early January.

• Revlon, Inc.
Oct. 28, 1960 filed 130,000 shares of outstanding common stock (par $1). **Price**—To be related to the price of the firm's shares on the New York Stock Exchange. **Proceeds** To two company officers, the selling stockholders. **Office** —666 Fifth Ave., New York City. **Underwriters**—Lehman Brothers and Reynolds & Co. Inc., both of New York City (managing). **Offering**—Exepected in mid-January.

Riddle Airlines, Inc.
Aug. 19, 1960 filed $2,250,000 of 6% subordinated convertible debentures. **Price**—At 100% of principal amount. **Proceeds** — To be used as operating capital to fulfill M. A. T. S. contract, and to acquire aircraft. **Office**—International Airport, Miami, Fla. **Underwriter**—James H. Price & Co., Coral Gables, Fla., and New York City.

• Ritter Co., Inc.
Nov. 17, 1960 filed $4,500,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Business** — The firm manufactures medical and dental equipment. **Proceeds** — To retire $3,350,000 of short term bank loans, with the balance for general corporate purposes. **Office**—Ritter Park, Rochester, N. Y. **Underwriter**—Lehman Brothers, New York City (managing). **Offering**—Expected in late January.

• Robosonics, Inc. (11/28-12/2)
Sept. 14, 1960 filed 180,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Business**—The company makes and sells an automatic telephone answering device, and an automatic intelligence reproduction machine. **Proceeds**—For general corporate purposes. **Office** —22 W. 48th St., New York City. **Underwriter**—Mandell & Kahn, Inc., New York City.

★ Rohm & Haas Co.
Nov. 17, 1960 filed 9,000 shares of outstanding common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders, the executors of the estate of Otto Haas, former Board Chairman and President. **Office**—222 West Washington Square, Philadelphia, Pa. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Kidder, Peabody & Co., New York City (managing). **Offering**—Expected in early January.

• Russ Togs, Inc. (12/12-16)
Oct. 27, 1960 filed 150,000 shares of $1 par class A stock of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The firm produces a diversified line of popular priced sports wear. **Proceeds** —For machinery and equipment, leasehold improvements, to finance additional accounts receivable and inventories, and for working capital. **Office**—1372 Broadway, New York City. **Underwriter**—Shearson, Hammill & Co., New York City (managing).

• Save-Co Veterans & Service & Department Stores, Inc.
Sept. 26, 1960 filed 163,636 shares of common stock, of which 127,273 shares are to be offered for the account of the issuing company and 36,363 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The company operates a department store and gasoline service station the use of which is restricted primarily to veterans, military personnel, employees of non-profit organizations, and employees of firms doing government contract work. **Proceeds**—For general corporate purposes, including debt reduction and working capital. **Office**—3176 Frontier St., San Diego, Calif. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. (managing). **Offering** — Expected in mid-to-late December.

School Pictures, Inc. (11/28-12/2)
Sept. 28, 1960 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1610 North Mill St., Jackson, Miss. **Underwriters**—Equitable Securities Corp. of New York City, and Kroeze, McLarty & Co., of Jackson, Miss.

Seaboard Homes, Inc.
Nov. 7, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture, assembly and sale of homes and home sectional components. **Proceeds**—For general corporate purposes. **Office**—200 Saw Mill River Rd., Hawthorne, N. Y. **Underwriters**—Richard Bruce & Co., Inc. and Fox & Walters, Inc., New York, N. Y.

• Self Service Drug Corp.
Sept. 26, 1960 (letter of notification) $150,000 of 10-year 6% convertible debentures and 75,000 shares of common stock (no par) to be offered in units of $100 of debentures and 50 shares of common stock. **Price** — $200 per unit. **Proceeds** — To move and equip a new warehouse; pay off certain bank indebtedness and for new lines. **Office**—2826 Mt. Carmel Ave., N. Hills, Glenside, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa. **Offering**—Expected in early January.

★ Sepia Commercial Corp.
Nov. 17, 1960 (letter of notification) 90,000 shares of common stock (par $1), $180,000 in aggregate amount, to be offered in minimum blocks of 100 shares and maximum blocks of 5,000 shares to each subscriber. **Price**—$2 per share. **Proceeds**—For printing, advertising and mailing expenses; office equipment and for working capital. **Office**—143 W. 125th Street, New York 27, N. Y. **Underwriter**—None.

• Shatterproof Glass Corp.
Oct. 12, 1960 filed 100,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company makes and sells laminated safety plate and sheet glass, primarily to the automotive replacement market, and sells its products for use as original equipment to bus, truck, television, and farm and road equipment manufacturers. **Proceeds**—To repay current short-term bank loans incurred to supplement working capital. **Office** — 4815 Cabot St., Detroit, Mich. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo., and Straus, Blosser & McDowell, Chicago, Ill. (managing). **Offering**—Expected in mid-to-late December.

• Simplex Wire & Cable Co. (12/5)
Sept. 28, 1960 filed 118,000 shares of outstanding capital stock. **Price**—To be supplied by amendment. **Office**—Cambridge, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

Slick Airways, Inc.
Oct. 27, 1960 filed 600,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company was engaged exclusively as a contract and charter carrier until July 1, 1960 when it diversified by acquiring Illinois Shade Cloth Corp. **Proceeds**—For general corporate purposes. **Office**—3000 No. Clybourn Ave., Burbank, Calif. **Underwriters** — Auchincloss, Parker & Redpath and Allen & Co., both of New York City (managing). **Offering**—Indefinitely postponed.

Solitron Devices, Inc.
Sept. 9, 1960 filed $400,000 of 6% subordinated convertible debentures, due 1967. **Price**—At par. **Business**—The company makes and sells solid state devices. **Proceeds**—For general corporate purposes. **Office**—67 South Lexington Ave., White Plains, N. Y. **Underwriter**—Casper Rogers & Co., New York City. **Offering**—Expected sometime in December.

South Central Natural Gas Corp.
Oct. 13, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company, which was organized in June 1960, is in the business of producing natural gas and oil. **Proceeds** — For working capital, with the balance for rental payments, loan repayments, drilling, and related expenditures. **Office**—1300 Oil & Gas Bldg., New Orleans, La. **Underwriter**—Willis E. Burnside & Co., Inc., New York City. **Offering** —Expected in December.

• Southern Bell Telephone & Telegraph Co. (12/5)
Nov. 10, 1960 filed $75,000,000 of debentures due 1997. **Proceeds**—For construction. **Office**—Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., both of New York City. **Bids**—Expected on Dec. 5 at room 2315, 195 Broadway, New York City up to 11:30 a.m. (EST).

Southwest Gas Corp.
Nov. 7, 1960 filed 150,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The sale and distribution of natural gas for domestic, commercial, agricultural, and industrial uses in parts of California, Nevada, and Arizona. **Proceeds**—To reduce indebtedness, with the balance for working capital. **Office**—2011 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Southwestern Capital Corp.
Sept. 30, 1960 filed 1,000,000 shares of common stock. **Price**—$3 per share. **Business**—A closed-end investment company. **Proceeds**—For investment purposes. **Office**—1326 Garnet Ave., San Diego, Calif. **Underwriter**—None.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

★ Speedee Mart, Inc.
Nov. 21, 1960 filed 90,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—Enfranchising others to manage and operate retail food stores under the name of "Speedee Mart." **Proceeds**—For acquisitions, equipment and store inventories. **Office** — 7988 Normal Ave., La Mesa, Calif. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

Speedry Chemical Products Inc. (12/1)
Sept. 28, 1960 filed $2,000,000 of convertible subordinated debentures, due Nov. 30, 1975, and 60,000 shares of class A common stock (50c par). **Prices**—To be supplied by amendment. **Business**—The company makes special purpose inks and devices used in their application. **Proceeds** —For expansion, acquisitions, and the retirement of bank loans. **Office** — 91-31 121st St., Richmond Hill, Queens, L. I., N. Y. **Underwriter** — S. D. Fuller & Co., New York City (managing).

Stancil-Hoffman Corp. (12/15)
Sept. 30, 1960 filed 150,000 shares of capital stock. **Price** —$2 per share. **Business** — The research, development, manufacture, and sale of magnetic recording equipment. **Office** — 921 North Highland Ave., Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

• Standard Instrument Corp.
Aug. 26, 1960 (letter of notification) 50,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Business**—Manufacturers of electrical devices. **Proceeds**—For general corporate purposes. **Office** —657 Broadway, New York 21, N. Y. **Underwriter** — Havener Securities Corp., New York, N. Y. **Offering**—Imminent.

Standard Pressed Steel Co. (12/5-9)
Sept. 27, 1960 filed 112,760 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Jenkintown, Pa. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

Standard & Shell Homes Corp. (12/5-9)
Nov. 1, 1960 filed 210,000 shares of common stock and $350,000 of 9% subordinated sinking fund debentures, due Nov. 1, 1985, with warrants, to be offered in units consisting of six common shares, a $10 debenture, and two warrants. **Price**—To be supplied by amendment. **Proceeds**—For construction, mortgage funds, and working capital. **Office**—Miami Beach, Fla. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York City, and Roman & Johnson, of Ft. Lauderdale, Fla.

Starfire Boat Corp.
Sept. 1, 1960 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—809 Kennedy Bldg., Tulsa, Okla. **Underwriters**—Batten & Co., Washington, D. C. and F. R. Burns & Co., Oklahoma City, Okla.

★ Steel Crest Homes, Inc.
Nov. 22, 1960 filed 180,000 shares of common stock; $45,000 of 8% subordinated sinking fund debentures ($10 face amount), due Sept. 1, 1981; and 45,000 warrants exercisable at $15 for the purchase of two shares and one debenture (for which 90,000 underlying common shares and 45,000 underlying 8% debentures were also filed). The securities will be offered in units, each unit to consist of four shares of stock, one $10 face amount debenture and one warrant. **Price**—$18 per unit. **Proceeds**—For the financing of homes sold by the company and its subsidiary, and for working capital. **Office**—Center Square, Pa. **Underwriters**—Marron, Sloss & Co., Inc., New York City and Harrison & Co., Philadelphia, Pa.

Still-man Manufacturing Corp. (11/28-12/2)
Aug. 22, 1960 filed 150,000 outstanding shares of class A stock (par 75 cents). **Price**—To be supplied by amendment. **Business** — The company makes heating elements for small appliances and components for major appliances, and related items. **Proceeds**—To selling stockholders. **Office**—429-33 East 164 St., New York City. **Underwriter**—Francis I. duPont & Co., New York City.

Straus-Duparquet Inc.
Sept. 28, 1960 filed $1,000,000 of 7% convertible subordinated debentures, due 1975. **Price**—At par. **Office**—New York City. **Underwriter**—None; the offering will be made through officials and employees of the company.

Summers Gyroscope Co.
Aug. 29, 1960 filed 6,403,213 shares of common stock, of which 5,702,877 shares are being offered by Atlas Corp. to the holders of its outstanding common of record Nov. 9 on the basis of one Summers share for each two Atlas shares held, and 700,336 shares being offered by Mertronics Corp. to stockholders of record Nov. 9 on a share-for-share basis with rights for both offerings to expire on Dec. 5. **Price**—75 cents per share. **Purpose**—The purpose of the offering is to effect a divestiture by Atlas and Mertronics of their 71.1% interest in Summers in order to dispose of matters pending before the CAB. **Office**—2500 Broadway Ave., Santa Monica, Calif. **Underwriter** —None. **Note**—All Summers' stock not subscribed for by Atlas holders on Dec. 19 will be purchased at the subscription price by Floyd B. Odlum, former president of Atlas.

• Swingline, Inc. (11/28-12/2)
Oct. 25, 1960 filed 250,000 shares of class A stock (par $1), of which 50,000 shares will be offered for the account of the issuing company and 200,000 shares, representing outstanding stock, to be offered for the account of the company president and his wife, the selling stockholders. **Price**—To be supplied by amendment. **Business** —The company makes and sells stapling machines and various other office supplies, and has a stock interest in Wilson Jones Co., of Massachusetts, which makes and sells record-keeping and other commercial stationery supplies. **Proceeds**—For new plant and general corporate purposes of a subsidiary, Ace Fastener Corp., of Illinois. **Office**—32-00 Skillman Avenue, Long Island City, L. I., N. Y. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

Tech Laboratories, Inc. (12/5-9)
Sept. 28, 1960 (letter of notification) 84,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of precision instruments. **Proceeds** ——For general corporate purposes. **Office**—Bergen & E. Edsall Blvds., Palisades Park, N. J. **Underwriters**—Carroll Co., and Fialkov & Co., Inc., both of New York City.

Tech-Ohm Electronics, Inc.
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—36-11 33rd Street, Long Island City, N. Y. **Underwriter** — Edward Lewis Co., Inc., New York, N. Y. **Note**—This issue was refiled on Sept. 6.

• Techni Electronics, Inc (11/25)
Aug. 10, 1960 (letter of notification) 112,500 shares of common stock (par 10c). **Price**—$2 per share. **Business**—The firm makes health and massage equipment, electric housewares, and medical electronic equipment. **Proceeds** —For expansion, working capital, and research and development expenditures. **Office**—71 Crawford St., Newark, N. J. **Underwriter** — United Planning Corp., 1180 Raymond Blvd., Newark, N. J.

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★ TelAutograph Corp.
Nov. 18, 1960 filed an unspecified number of shares of common stock (par value $1), to be offered to common stockholders for subscription. **Price**—To be supplied by amendment. **Proceeds**—For initial production expenses of a Telescriber compatible with an A. T. & T. analog subset; for initial production expenses of facsimile equipment to be made by its subsidiary Hogan Faximile Corp., and the balance of the reduction of indebtedness. **Office**—8700 Bellanca Avenue, Los Angeles, Calif. **Underwriters**—Baird & Co. and Richard J. Buck & Co., both of New York City, and Chace, Whiteside & Winslow, Inc., Boston, Mass. **Offering**—Expected some time in January.

Telecolor
July 25, 1960 (letter of notification) 150,000 shares of common capital stock (par 25 cents) of which 100,000 shares are to be offered by officers. **Price**—$2 per share. **Proceeds**—To lease equipment and for working capital. **Office** — 7922 Melrose Ave., Hollywood, Calif. **Underwriter**—Raymond Moore & Co.. Los Angeles, Calif.

• Telephone & Electronics Corp. (12/5-9)
Aug. 18, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Business**—Electronic communications equipment and automatic, loudspeaking telephone. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

• Tele-Tronics Co. (12/12-16)
Aug. 10, 1960 (letter of notification) 100,000 shares of common stock (par 40 cents). **Price**—$3 per share. **Proceeds**—For plant expansion, additional machinery, acquisition of new facilities and working capital. **Office**—180 S. Main St., Ambler, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French. Inc., Philadelphia, Pa.

• Telex, Inc. (12/5-9)
Sept. 27, 1960 filed 196,000 shares of common stock, of which 125,000 shares are to be offered to holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the retirement of $1,100,000 in outstanding notes. **Office**—Minneapolis, Minn. **Underwriter** — Lee Higginson Corp., New York City (managing).

• Tenax, Inc. (11/28-12/2)
Aug. 16, 1960, filed $1,500,000 of 10-year 6% convertible subordinated debentures, due 1970. **Price** — 100% of principal amount. **Business**—The sale, stocking and financing of freezers. **Proceeds**—Repayment of short-term indebtedness and working capital. **Office**—575 Lexington Avenue, New York City. **Underwriter** — Myron A. Lomasney & Co., New York City.

Texas Butadiene & Chemical Corp. (11/29)
Oct. 6, 1960 filed 635,800 shares of common stock, of which 296,000 will be offered publicly, 125,467 shares will be offered for the account of selling stockholders, and the balance will be issued in exchange for the issuer's outstanding preferred stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Office**—529 Fifth Avenue, New York City. **Underwriters**—Blyth & Co., Inc. and Lehman Brothers.

Texas Research & Electronic Corp.
Oct. 3, 1960 filed 600,000 shares of common stock. **Price**—$1.15 per share. **Business**—Engaged in various phases of electronics. **Proceeds**—For acquisition of small businesses. **Office**—Meadows Bldg., Dallas, Tex. **Underwriter**—Naftalin & Co., Inc., Minneapolis, Minn.

• Therm-Air Mfg. Co., Inc.
Sept. 13, 1960 filed 125,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company makes and sells temperature and humidity control equipment for military and commercial use. **Proceeds**—To pay loans, for research and development, and for working capital. **Office**—1000 North Division St., Peekskill, N. Y. **Underwriter**—G. Everett Parks & Co., Inc., New York City. **Offering**—Expected in early January.

Tip Top Products Co.
Oct. 4, 1960 filed 60,000 shares of class A common stock **Price**—To be supplied by amendment. **Address**—Omaha, Neb. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and First Trust Co. of Lincoln, Lincoln, Neb. **Offering**—Expected in late November.

• Underwater Storage, Inc.
Nov. 8, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—1028 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Searight, Ahalt & O'Connor, Inc., New York, N. Y. **Offering**—Expected in early January.

Unifloat Marine Structures Corp.
Oct. 17, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, maintenance of inventory, machinery and equipment, and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—To be supplied by amendment.

• United Industries Co., Inc.
Sept. 27, 1960 filed $500,000 of 6% convertible serial subordinated debentures. **Price**—At par. **Business**—The issuer's major activity is the warehousing of grain under contract to the U. S. Commodity Credit Corp. **Proceeds**—For expansion, working capital, and loans to subsidiaries. **Office**—1235 Shadowdale, Houston, Texas. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in mid-December.

United International Fund Ltd.
Oct. 20, 1960 filed 1,000,000 shares of common stock (par one Bermuda pound). **Price**—$12.50 per share. **Business**—This is a new open-end mutual fund. **Proceeds**—For investment. **Office**—Bank of Bermuda Bldg., Hamilton, Bermuda. **Underwriters**—Kidder, Peabody & Co., Bache & Co., and Francis I. du Pont & Co., all of New York City (managing). **Offering**—Expected in mid-December.

United Pacific Aluminum Corp.
Aug. 24, 1960 filed $7,750,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, the proceeds will be used to pay for the erection of a primary aluminum reduction facility. **Office** — Los Angeles, Calif. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. (managing).

• United States Shell Homes, Inc. (12/12-16)
Oct. 28, 1960 filed $2,500,000 of 8% capital debentures, due Dec. 15, 1975, with warrants attached for the purchase of 50,000 shares of common stock, and 100,000 shares of such stock. These securities are to be offered in units consisting of $100 of debentures with attached warrants for the purchase of two common shares, and four such shares. **Price**—To be supplied by amendment. **Business**—The sale, construction, and financing of "shell" homes. **Proceeds**—For use by Dixie Acceptance Corp., a wholly-owned subsidiary of the issuer, who proposes to retire outstanding indebtedness, purchase secured instalment obligations, purchase 20,000 outstanding shares of its stock, and add to working capital. **Office** — 4415 Beach Boulevard, Jacksonville, Fla. **Underwriter**—Hayden, Stone & Co., New York City (managing).

Universal Electronics Laboratories Corp.
Oct. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—The manufacture, sale and installation of equipment used by schools and colleges in the instruction of modern foreign languages (language laboratories). **Proceeds** — For general corporate purposes. **Address** — 510 Hudson St., Hacskensack, N. J. **Underwriter**—Underhill Securities Corp., 19 Rector Street, New York, N. Y.

Urban Development Corp.
Aug. 30, 1960 filed 300,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—Memphis, Tenn. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

• Vacudyne Associates, Inc. (11/25-28)
Sept. 30, 1960 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business**—Distributors of radio and TV receiving tubes and owner of Transletesonic Inc. which manufactures electronic tubes. **Proceeds**—For general corporate purposes. **Office**—397 Seventh Ave., Brooklyn, N. Y. **Underwriters**—Kenneth Kass; H. S. Simmons & Co., Inc. and B. N. Rubin & Co., Inc., New York, N. Y.

Valdale Co., Inc. (12/15)
July 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To pay accounts payable, reduce a bank loan, advertising and for working capital. **Office**—Red Lion, Pa. **Underwriters**—B. N. Rubin & Co. and H. S. Simmons & Co. both of New York City.

Varifab, Inc.
Nov. 14, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Manufacturers of components, subassemblies, assemblies and special devices in the missile and computer fields. **Proceeds**—For general corporate purposes. **Address**—High Falls, N. Y. **Underwriter**—Droulia & Co., New York, N. Y.

• Vector Industries, Inc.
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay in full the remainder of such subscription to capital stock of International Data Systems, Inc. and to retire outstanding notes. **Office**—2321 Forest Lane, Garland, Tex. **Underwriter**—Plymouth Securities Corp., New York City. **Offering**—Imminent.

• Vibration Mountings & Controls, Inc. (11/28-12/2)
Sept. 29, 1960 filed 150,000 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For research and development; expansion; purchase of inventory; working capital and general corporate purposes. **Office**—98-25 50th Ave., Corona, L. I., N. Y. **Underwriter**—Michael G. Kletz & Co., Inc., New York, N. Y.

Victor Paint Co. (12/5-9)
Oct. 18, 1960 filed 130,000 shares of common stock of which 95,000 shares are to be offered for the account of the issuing company and 35,000 shares, representing outstanding stock, for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the opening of additional stores in the metropolitan Detroit area **Office** — Detroit, Mich. **Underwriter** — Charles Plohn & Co., New York City (managing).

Vim Laboratories, Co., Inc.
Oct. 26, 1960 (letter of notification) 90,000 shares of class A common stock (par $1). **Price**—$2.75 per share. **Proceeds**—To provide funds for further expansion of the company's operations. **Office**—5455 Randolph Rd., Rockville, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

• Webb (Del E.) Corp. (11/29)
Sept. 21, 1960 filed $8,000,000 of convertible subordinated debentures, due October 1975, 640,000 shares of common stock, and warrants for the purchase of 320,000 shares of such stock. These securities will be offered in units, each unit to consist of $50 principal amount of debentures, four common shares, and warrants for the purchase of two common shares. **Price**—To be supplied by amendment. **Business** — Real estate, construction, property and community development, and manufacturing. **Proceeds**—For property improvements. **Office**—302 South 23rd Ave., Phoenix, Ariz. **Underwriter**—Lehman Brothers, New York City (managing)

Western Factors, Inc.
June 29, 1960, filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

Western Utilities Corp.
Oct. 27, 1960 filed $2,750,000 of 5¼% convertible debentures, due Oct. 1, 1975. **Price**—To be supplied by amendment. **Business**—The company owns substantial amounts of common stock in three operating public utilities. **Proceeds**—To reduce indebtedness, for working capital, and for the purchase of additional securities in operating utilities. **Office** — 300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif. (managing). **Offering**—Expected in early December.

Westminster Fund, Inc.
Oct. 14, 1960 filed 4,000,000 shares of capital stock. **Business**—This is a new mutual fund, and its intention is to offer holders of at least $25,000 worth of acceptable securities the opportunity of exchanging each $12.50 worth of such securities for one share in the Fund, which will receive a maximum commission of 4%. **Office**—Westminster at Parker, Elizabeth, N. J. **Investment Advisor**—Investors Management Co. **Dealer - Manager**—Kidder, Peabody & Co., New York City. **Offering**—Expected in early December.

• Willer Color Television System, Inc. (12/5-9)
Jan. 29 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City.

• Williamsburg Greetings Corp.
Aug. 26, 1960 filed 180,000 shares of common stock (par 25 cents). **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged chiefly in the design, production, and sale of greeting cards. **Proceeds**—About $400,000 will be applied to the reduction of factoring advances, with the balance to be added to working capital. **Office**—3280 Broadway, New York City. **Underwriters** — Standard Securities Corp., New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa.. and Amos Treat & Co., Inc., New York City. **Offering**—Delayed.

Wilson (H. & H.), Inc.
Oct. 18, 1960 (letter of notification) 100,000 shares of class A common stock (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—8420 S. Atlantic Ave., Bell, Calif. **Underwriter** — Fairman & Co., Los Angeles 14, Calif.

★ Winn-Dixie Stores, Inc. (12/12)
Nov. 22, 1960 filed 406,000 shares of outstanding common stock, of which 350,000 shares are for public offering, and 56,000 shares are to be offered to key employees. **Price**—To be supplied by amendment. **Business**—The company operates 510 retail food stores. **Proceeds**—To Diversified Locations, Inc., the selling stockholder. **Office**—5050 Edgewood Court, Jacksonville, Fla. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc. (managing).

Wisconsin Southern Gas Co., Inc.
Oct. 26, 1960 filed 27,996 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank indebtedness. **Office**—Lake Geneva, Wis. **Underwriters**—The Milwaukee Co., Milwaukee, Wis., and Harley, Haydon & Co., Inc., and Bell & Farrell, Inc., both of Madison, Wis. **Offering**—Expected in late November.

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp.. same address.

Wood-Mosaic Corp. (11/28-12/2)
Sept. 27, 1960 filed 80,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital of the issuer and its subsidiary, Wood-Mosaic Industries, with the balance for debt reduction. **Office**—Louisville, Ky. **Underwriters**—Crutteden, Podesta & Co., Chicago, Ill., and Berwyn T. Moore & Co., Inc., Louisville, Ky.

Yuscaran Mining Co.
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None. **Note**—The SEC has challenged the accuracy and adequacy of this statement. A hearing was scheduled for Aug. 29 at the request of the company counsel and the results have not as yet been announced.

• Zurn Industries, Inc. (12/5-9)
Sept. 26, 1960 filed 200,000 shares of common stock ($1 par), of which 100,000 shares are to be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture of mechanical power transmission equipment, fluid control devices, building plumbing drainage products and re-

search and development of a synchro-gear assembly for atomic submarines. **Proceeds**—For new equipment, the repayment of loans, and working capital. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp., New York City (managing).

Prospective Offerings

Alberta Gas Trunk Line Co., Ltd.
Sept. 1, 1960 A. G. Bailey, President, announced that new financing of approximately $65,000,000 mostly in the form of first mortgage bonds, is expected early in 1961. **Office**—502-2nd St., S. W., Calgary, Alberta, Canada.

American Investment Co.
Nov. 3, 1960, Donald L. Barnes, Jr., executive vice-president, announced that debt financing is expected in early 1961 in the form of about $6,000,000 of capital notes and $4,000,000 to $6,000,000 of subordinated notes. **Office**—St. Louis, Mo.

Approved Finance Inc.
Nov. 11, 1960 it was reported by Paul O. Sebastian, Vice-President-Treasurer, that the company is considering a rights offering to stockholders of additional common stock via a Regulation "A" filing, possibly to occur in mid-1961. **Office**—39 E. Chestnut St., Columbus, Ohio **Underwriter**—Vercoe & Co., Columbus, Ohio.

Arkansas Power & Light Co.
Sept. 20, 1960 it was announced that this subsidiary of Middle South Utilities, Inc. might issue $15,000,000 of first mortgage bonds sometime in the first quarter of 1961. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

Atlantic Transistor Corp.
Sept. 12, 1960 the company reported that it is contemplating filing its first public offering, consisting of a letter of notification covering an undetermined number of shares of its $1 par common stock. **Business** — The company makes and sells a "water - tight, unbreakable" marine radio known as the "Marlin 200." **Proceeds**—For the development of the "Marlin 300," which is to be a similarly constructed radio with a ship-to-shore band. **Office**—63-65 Mt. Pleasant Ave., Newark, N. J. **Underwriter**—Mr. Roth, Comptroller, states that he is actively seeking an underwriter to handle the offering. **Note**—The issuing company is a wholly-owned subsidiary of Auto-Temp Inc.

Automation Development, Inc.
Sept. 20, 1960 it was reported that a "Reg. A" filing, comprising this firm's first public offering is expected. **Note** — This firm was formerly carried in this column under the heading "Automation for Industry Inc." **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—Ross, Riemer, Collins & Co., Inc., 44 Beaver St., New York City.

Automation Labs Inc.
Sept. 14, 1960 it was reported that a "Reg A" filing is expected. **Business** — Electronics. **Office** — Westbury, L. I., N. Y. **Underwriter** — Sandkuhl and Company, Newark, N. J., and New York City.

Baltimore Gas & Electric Co.
Oct. 3, 1960 it was reported that the utility expects to sell about $20,000,000 of additional securities, possibly bonds or preferred stock, sometime during the first half of 1961. **Office**—Lexington Building, Baltimore, Md. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly).

★ **Bo-Craft Enterprises Inc.**
Nov. 18, 1960 it was reported that a letter of notification consisting of 100,000 shares of 10 cent par common stock will be filed for this company. **Price**—$3 per share. **Business**—The company is engaged in the manufacture of parts for zippers. **Proceeds**—For expansion and general corporate purposes. **Office**—11-54 44th Drive, Long Island City, N. Y. **Underwriter**—Harwin Securities, 1457 Broadway, New York City. **Registration**—Expected in late November.

Brooklyn Eagle Inc.
Oct. 5, 1960 it was reported that 70,000 shares of common stock will be filed. **Underwriter**—R. F. Dowd & Co., Inc., New York, N. Y.

Brooklyn Union Gas Co.
Sept. 21, 1960 G. C. Griswold, Vice-President and Treasurer, announced that there will be no further financing in 1960 but that $25,000,000 to $30,000,000 of mortgage bonds or preferred stock are expected in late 1961 or early 1962. **Office**—176 Remsen St., Brooklyn 1, N. Y.

● **Brunswick Corp.**
Nov. 22, 1960 it was reported that stockholders have authorized the issuance of $25,000,000 of 20-year convertible subordinated debentures to be offered for subscription by stockholders of record on or about Jan. 11. **Proceeds** — To reduce short-term borrowings. **Office**—623 S. Wabash Ave., Chicago, Ill. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co. (for unsubscribed for shares).

★ **Business Capital Corp.**
Nov. 18, 1960 George H. Dovenmuehle, Board Chairman of Dovenmuehle Inc., Chicago, Ill., reported that this firm is contemplating "a large public offering." **Business**—This is a small business investment company formed in 1960, and it plans to develop real estate. In addition to Mr. Dovenmuehle, directors will be drawn from Commonwealth Edison Co.; Chicago Title & Trust Co.; Continental Assurance (Chicago); Booz Allen & Hamilton and Armour Research Institute. **Office**—Chicago, Ill.

California Asbestos Corp.
Sept. 28, 1960 it was reported that discussion is under way concerning an offering of about $300,000 of common stock. It has not yet been determined whether this will be a full filing or a "Reg. A." **Business**—The company, which is not as yet in operation but which has pilot plants, will mine and mill asbestos. **Proceeds**—To set up actual operations. **Address**—The company is near Fresno, Calif. **Underwriter**—R. E. Bernhard & Co., Beverly Hills, Calif.

California Oregon Power Co.
Oct. 18, 1960 it was reported that the company expects to come to market in late 1961 to raise about $12,000,000 in the form of approximately $7,000,000 of bonds and $5,000,000 common stock. **Proceeds**—For the repayment of bank loans. **Office**—216 W. Main St., Medford, Oreg.

Carbonic Equipment Corp.
Oct. 5, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made sometime in November. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

Casavan Industries
Sept. 21, 1960 it was reported by Mr. Casavena, President, that registration is expected of approximately $11,750,000 of common stock and $10,000,000 of debentures. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds**—For expansion to meet $10,000,000 backlog. **Office**—250 Vreeland Ave., Paterson, N. J. **Underwriter**—To be named. **Registration**—Expected in the latter part of November.

Chicago, Rock Island & Pacific RR. (12/7)
Nov. 1, 1960 it was reported that bids will be accepted in New York City on Dec. 7 up to 1:00 p.m. (EST) for $3,450,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler.

Citizens & Southern Small Business Investment Co.
Oct. 24, 1960 it was reported that the company expects to file $3,000,000 of its common stock. **Office**—c/o Citizens & Southern National Bank, Marietta at Broad, Atlanta, Ga. **Registration**—Expected in November.

Coca-Cola Co.
Sept. 22, 1960 it was announced that under the terms of the proposed acquisition of Minute Maid Corp. this company would issue about 906,400 shares of its common stock, each share of which will be exchanged for 2.2 Minute Maid shares. **Office**—Atlanta, Ga. **Note**—Minute Maid shareholders will vote on the proposed merger on Dec. 21.

Colorado Interstate Gas Co.
Oct. 17, 1960 it was reported by Mr. A. N. Porter of the company's treasury department that the company is awaiting a hearing before the full FPC with reference to approval of its application for expansion of its system, which will require about $70,000,000 of debt financing. Such approval is expected in December of this year, and the public financing is expected in the latter part of 1961. **Proceeds**—For expansion. **Office**—P. O. Box 1087, Colorado Springs, Colo.

Columbus & Southern Ohio Electric Co.
Sept. 22, 1960 it was reported the company will sell about $10,000,000 additional common stock sometime in 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co

Dallas Power & Light Co.
Sept. 14, 1960 it was stated by the company's president that there may possibly be some new financing during 1961, with no indication as to type and amount. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

Diversified Automated Sales Corp.
Nov. 16, 1960 it was reported by Frazier N. James, President, that a "substantial" issue of common stock, constituting the firm's first public offering, is under discussion. **Business** — The company makes a film and flashbulb vending machine called DASCO, which will sell as many as 18 products of various sizes and prices, and will also accept exposed film for processing. **Office**—223 8th Ave., South, Nashville, Tenn. **Underwriter**—Negotiations are in progress with several major underwriters.

Dodge Wire Manufacturing Corp.
Sept. 12, 1960 it was reported that registration is expected of $600,000 of common stock. **Proceeds** — For general corporate purposes. **Office** — Covington, Ga. **Underwriter**—Plymouth Securities Corp., 92 Liberty St., New York 6, N. Y.

Dynacolor Corp.
Aug. 22, 1960 it was reported that new financing will take place but there is no indication as yet as to type, timing and amount. **Office**—1999 Mt. Read Blvd., Rochester, N. Y. **Underwriter**—The company's initial financing was handled by Lee Higginson Corp., New York City.

Dynamic Center Engineering Co., Inc.
Oct. 3, 1960 it was reported that the company plans a full filing of its $1 par common stock for sometime in November. **Proceeds**—To promote the sale of new products, purchase new equipment, and for working capital. **Office**—Norcross, Ga. **Underwriter**—To be named.

Dynamic Instrument Corp.
Oct. 5, 1960 it was reported that a full filing of approximately $300,000 of bonds, common stock and warrants is expected. **Proceeds**—For expansion and the manufacture of a new product. **Office**—Westbury, L. I. **Underwriter**—R. F. Dowd & Co. Inc.

Exploit Films Inc.
Oct. 28, 1960 it was reported that the company will file a letter of notification consisting of 150,000 shares of common stock at $2 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th St., New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City. **Registration**—Expected in December.

First Real Estate Investment Fund
Nov. 10, 1960 it was reported that a stock offering of $10,000,000 will be made to New York State residents in early-to-mid-December, and in January, 1961 a filing will be made with the SEC which will permit inter-state offering. **Business**—This is a new mutual fund which will become open-end subsequent to the sale of this stock, and will invest primarily in commercial real estate and short-term government bills. **Office**—7 E. 42nd St., New York City. **Sponsor** — Fass Management Corp., New York City.

Florida Power & Light Co.
Oct. 24, 1960 it was reported that an undetermined amount of bonds may be offered in the Spring of 1961. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

Ford Motor Credit Co.
Oct. 17, 1960 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur in the first quarter of 1961. **Office**—Detroit, Mich.

General Resistance, Inc.
Sept. 19, 1960 it was reported that the company will file a letter of notification, comprising its first public offering, in late December or early January. **Office** — 430 Southern Blvd., Bronx, N. Y.

Georgia Bonded Fibers, Inc.
Sept. 14, 1960 it was reported that November registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena, Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and N. Y. City.

Geotechnics & Resources, Inc.
Nov. 2, 1960 it was reported that a letter of notification covering 149,800 shares of 25¢ par common stock was imminent. **Price** — $2 per share. **Business** — The interpretation of photo-aerial maps. **Proceeds** — For equipment, research and development, and other general corporate purposes. **Office**—White Plains, N. Y. **Underwriter**—S. D. Fuller & Co., New York City.

Goshen Farms Inc.
Oct. 5, 1960 it was reported that 100,000 shares of the company's common stock will be filed. **Proceeds**—For breeding trotting horses. **Office**—Goshen, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

● **Gulf States Utilities Co. (1/17)**
Nov. 1, 1960 it was reported that $11,500,000 of no par common stock (350,000 additional shares) will be offered subject to FPC approval. **Information Meeting**—Jan. 12, 1961 at 11:00 a.m. at the Hanover Bank, New York City. **Proceeds** — To repay short - term notes. **Underwriter** — To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers; Glore, Forgan & Co.; Lee Higginson Corp. **Bids**—Expected Jan. 17, 1961.

Hemingway Brothers Interstate Trucking Co.
Sept. 16, 1960 the ICC granted the firm permission to issue $1,000,000 of 10-year registered 6% subordinated debentures. **Business**—The firm is a common carrier by motor vehicle operating in nine Eastern states. **Proceeds**—For debt reduction and additional equipment. **Office**—New Bedford, Mass. **Underwriter**—None. **Offering**—Expected in late November to early December.

Houston Lighting & Power Co.
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

Indianapolis Power & Light Co.
According to a prospectus filed with the SEC on Aug. 25, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

Industrial Gauge & Instrument Co.
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the

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business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

International Safflower Corp.
Oct. 28, 1960 it was reported that the company plans to file a letter of notification consisting of 60,000 shares of class A common stock (par $2). **Price** — $5 per share. **Proceeds**—To retire outstanding loans, purchase of planting seed, lease or purchase land, building and machinery and for working capital. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs Colo.

Iowa-Illinois Gas & Electric Co.
Oct. 24, 1960 it was reported by the company treasurer, Mr. Donald Shaw that the utility expects to come to market, perhaps in mid-1961, to sell long-term securities in the form of bonds and possibly preferred stock, with the amount and timing to depend on market conditions. The 1961 construction program is estimated at $17 million of which $10-$11 million will have to be raised externally. **Office**—206 E. 2nd St., Davenport, Iowa.

Japan Telephone & Telegraph Corp.
Oct. 27, 1960 it was announced that this government-owned business plans a $20,000,000 bond issue in the United States. **Proceeds**—For expansion. **Underwriters**—Dillon, Read & Co., First Boston Corp., and Kidder, Peabody & Co. **Offering**—Expected in the Spring of 1961.

Kawasaki Steel Co., Ltd.
Oct. 17, 1960 it was reported that the Japanese company is considering a $4,000,000 bond issue for U. S. offering. **Underwriter**—First Boston Corp., New York City.

Laclede Gas Co.
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for its 1961-65 construction program, but the current feeling is that it will not be necessary to turn to long-term securities until May 1962. **Office** — 1017 Olive St., St. Louis, Mo.

Lone Star Gas Co.
Aug. 3, 1960, it was reported that about $37,000,000 will be raised to cover capital requirements over the next year. **Office**—301 So. Harwood Street, Dallas 1, Texas.

Long Island Lighting Co.
Nov. 11, 1960 it was reported by Fred C. Eggerstedt, Jr., Assistant Vice-President, that the utility contemplates the issuance of $25,000,000 to $30,000,000 of first mortgage bonds in the second or third quarter of 1961. **Office**—250 Old Country Road, Mineola, N. Y.

Louisville & Nashville RR. (12/13)
Nov. 7, 1960 it was reported that $7,700,000 of equipment trust certificates will be offered on Dec. 13. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Macrose Lumber & Trim Co., Inc.
Nov. 7, 1960, it was reported that a substantial common stock offering is contemplated in early 1961. **Office**—2060 Jericho Turnpike, New Hyde Park, L. I., N. Y.

Martin Paints & Wallpapers
Aug. 29, 1960 it was announced that registration is expected of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds**—For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York Citv N. Y.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

Nedick's Stores, Inc.
Nov. 15, 1960 it was reported that a filing of approximately 17,000 shares of common stock is under discussion, but registration is not imminent. **Office**—513 W. 166th Street, New York City. **Underwriter**—Van Alstyne, Noel & Co., New York City.

New Orleans Public Service, Inc.
Nov. 10, 1960 it was reported that an issue of $15,000,000 of first mortgage bonds is expected in May, 1961. **Office**—317 Baronne St., New Orleans, La. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp., Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Salomon Brothers & Hutzler.

Northern Fibre Glass Co.
Sept. 28, 1960 it was reported that this company is planning to issue 100,000 shares of $1 par common stock under a letter of notification. **Office**—St. Paul, Minn. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

Northern Illinois Gas Co.
Nov. 9, 1960 C. J. Gauthier, Vice-President-finance reported that of the $95,000,000 in outside financing that will be required in the next four years to complete a $200,000,000 construction program, an unspecified amount might be raised through a common stock issue in 1961. **Office**—50 Fox St., Aurora, Ill. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., New York, N. Y. (managing).

One Maiden Lane Fund, Inc.
Aug. 29, 1960 it was reported that registration is expected sometime in November of 300,000 shares of com. stock. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury Bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls Inc., 1 Maiden Lane, New York 38, N. Y.

Orange & Rockland Utilities, Inc.
Oct. 18, 1960 it was reported that the sale of the $10 million of 30-year first mortgage bonds is tentatively expected in April, 1961. **Office** — 10 North Broadway, Nyack, N. Y. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly).

Otter Tail Power Co. (1/24)
Oct. 21, 1960, Albert V. Hartl, executive Vice-President of this utility told this newspaper that an issue of between $6,000,000 to $8,000,000 of 30-year first mortgage bonds is expected. **Office**—Fergus Falls, Minn. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Glore, Forgan & Co.; White, Weld & Co.

Pacific Gas Transmission Co.
Nov. 2, 1960 it was reported by Mr. K. C. Cristensen, company Vice-President and Treasurer, that this subsidiary of Pacific Gas & Electric Co. plans a rights offering to stockholders later this year of $13,300,000 of convertible debentures and also plans the sale of $90,000,000 of first mortgage bonds, the timing of which is as yet undecided. **Office**—245 Market Street, San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., New York City (managing).

Pacific Lighting Corp.
Nov. 10, 1960 it was reported by Robert W. Miller, chairman, that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961, but that if equity financing is used the amounts won't be high enough to dilute earnings of the common to below the $3.20 per share level. **Office**—600 California St., San Francisco 8, Calif.

Panhandle Eastern Pipe Line Co.
Sept. 28, 1960 it was reported that $65,000,000 of debentures are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing)

Peerless Mortgage Co.
Sept. 21, 1960 it was reported that this company is preparing a "Reg. A" filing. **Proceeds**—To increase buying power for purchase of first and second mortgages. **Office**—Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

Power Chem Industries
Oct. 18, 1960 it was reported that the company plans a "Reg. A" filing of 75,000 shares of common stock, constituting its first public offering. **Business**—The company is in the process of organizing and will manufacture additives for fuel oils. **Proceeds**—For expansion and general corporate purposes. **Office** — 645 Forrest Ave., Staten Island, N. Y. **Underwriter** — Ronwin Securities Inc., 645 Forrest Ave., Staten Island, N. Y. **Registration**—Expected in January.

Public Service Electric & Gas Co. (12/13)
Oct. 24, 1960 filed 250,000 shares of cumulative preferred stock with the New Jersey Public Utility Commission. SEC filing is expected shortly. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Newark, N. J. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing). **Information Meeting**—Scheduled for Dec. 8 at 11:00 a.m.

Puget Sound Power & Light Co.
Nov. 10, 1960 it was reported that the number of authorized common shares had been increased from 3,266,819 to 5,000,000, and that some of the added shares might be issued in 1961. **Office**—860 Stuart Bldg., Seattle 1, Wash. **Underwriter** — Previous financing has been handled by Blyth & Co.

Ram Electronics, Inc.
Nov. 4, 1960 it was reported that a December letter of notification is expected comprising this firm's first public offering. **Office**—Paramus, N. J. **Underwriter**—Plymouth Securities Corp., New York City.

Richards Aircraft Supply Co., Inc.
Oct. 10, 1960 it was reported that a "Reg. A" filing of the company's common stock is expected. **Proceeds**—For expansion and working capital. **Office**—Ft. Lauderdale, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

Rochester Gas & Electric Corp. (3/15)
Aug. 1, 1960 it was reported that $15,000,000 of debt financing is expected. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—Tentatively expected on March 15.

● **Rudd-Melikian, Inc.**
Nov. 21, 1960 it was reported that an offering of $500,000 of 5¾% convertible subordinated debentures was made to Pennsylvania residents, with proceeds going for additional inventory and general corporate purposes. **Business**—The manufacture of automatic vending machines. **Office**—Hatboro, Pa.

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

South Carolina Electric & Gas Co.
Nov. 14, 1960 C. M. Over, Treasurer, reported that this utility is tentatively planning to issue $8,000,000 of first and refunding mortgage bonds and $5,000,000 principal amount of a new series of preferred stock in March 1961. **Underwriter**—To be determined by competitive bidding. **Address**—P. O. Box 390, Columbia, S. C.

Southern Natural Gas Co.
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

● **Southern Railway Co.**
Nov. 21, 1960 stockholders approved the issuance of $33,000,000 of new bonds. The issuance of an unspecified amount of additional bonds for other purchases was also approved. **Proceeds** — For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter**—Halsey, Stuart & Co. Inc., will head a group that will bid on the bonds.

Southwestern Public Service Co.
Aug. 9, 1960, it was reported that in February, 1961, the company expects to offer about $15,000,000 in bonds and about $3,000,000 in preferred stock, and that about one year thereafter a one-for-twenty common stock rights offering is planned, with the new shares priced about 6½% below the then existing market price of the common. **Office**—720 Mercantile Dallas Building, Dallas 1, Texas. **Underwriter**—Dillon, Read & Co., Inc.

Storer Broadcasting Co.
Sept. 28, 1960 it was reported that a secondary offering is being planned. **Office**—Miami Beach, Fla. **Underwriter**—Reynolds & Co., New York City.

Telescript C.S.P., Inc.
Nov. 14, 1960 it was reported that a letter of notification, representing this firm's first public offering, will be filed shortly covering 60,000 shares of common stock. **Business**—The firm makes a prompting machine for television and an electronic tape editor. **Proceeds**—To expand plant and sales force, enter closed circuit television, repay a $20,000 loan, and for working capital. **Office**—155 West 72nd Street, New York City. **Underwriter**—Robert A. Martin Associates, Inc., 680 Fifth Avenue, New York City.

● **Trans World Airlines, Inc.**
Oct. 10, 1960 it was announced that financing needs have been scaled down to $318,000,000 from the original figures of $340,000,000 with $168,000,000 to be loaned to TWA by banks, insurance companies and other lenders, $50,000,000 to be drawn from internal sources, and $100,000,000 from the proposed sale of subordinated income debentures with stock purchase warrants to TWA stockholders. **Proceeds**—To give TWA direct ownership of a jet transport fleet. **Office**—10 Richards Road, Kansas City 5, Mo. **Underwriters** — Lazard Freres & Co., Lehman Brothers and Dillon, Read & Co., Inc. (managing). **Note**—Nov. 23 it was reported that Howard Hughes, who now owns a controlling interest in the company, has not been able to raise the funds for TWA purchase of the planes on terms that would leave him in control of the airline.

Trunkline Gas Co.
Sept. 28, 1960 it was reported that approximately $15,000,000 of bonds and $5,000,000 of preferred stock are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

Van Dusen Aircraft Supplies, Inc.
Nov. 1, 1960 it was reported that registration is expected during November of a letter of notification covering 100,000 shares of this firm's $1 par common stock. **Proceeds** — For expansion. **Office** — Minneapolis, Minn. **Underwriter**—Stroud & Co., Philadelphia, Pa.

Virginia Electric & Power Co. (6/13)
Sept. 8, 1960 it was reported that the company will need $30,000,000 to $35,000,000 from outside sources in 1961. The precise form of financing will depend upon market conditions. **Office**—Richmond 9, Va. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co. **Bids**—Expected on or about June 13.

● **Waldorf Auto Leasing Inc.**
Nov. 23, 1960 Mr. Tortorella, company secretary stated that a "Reg A" filing is expected. **Office**—2015 Coney Island Avenue, Brooklyn, N. Y. **Underwriter** — To be named.

Whippany Paper Board Co.
July 19, 1960, it was reported that this New Jersey company plans to register an issue of common stock. **Underwriter**—Van Alstyne, Noel & Co., New York City. **Registration**—Expected in November.

Winona Wood Products Co.
Aug. 24, 1960, it was reported that a full filing of class A common stock is contemplated. **Business**—The company makes wood cabinets for household and industrial use. **Office**—Winona, N. J. **Underwriter**—Metropolitan Securities Inc., Philadelphia, Pa.

Winter Park Telephone Co.
May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. **Office**—132 East New England Ave., Winter Park, Fla.

DIVIDEND NOTICES

GEORGE W. HELME COMPANY

9 Rockefeller Plaza, New York 20, N. Y.

On November 22, 1960, a quarterly dividend of 43¾ cents per share on the Preferred Stock, and a dividend of 40 cents per share on the Common Stock, plus an extra of 15 cents per share on the Common Stock, were declared, payable January 3, 1961, to stockholders of record at the close of business December 12, 1960.

P. J. NEUMANN, Secretary

THE COLORADO FUEL AND IRON CORPORATION

Dividend Notice

The Board of Directors of The Colorado Fuel and Iron Corporation today, Monday, November 21, 1960, declared the regular quarterly dividend of 62½ cents per share on the series A $50 par value preferred stock, and 68¾ cents per share on the series B $50 par value preferred stock.

These dividends are payable December 31 to holders of record at the close of business on December 2.

The Board of Directors took no action with respect to the common stock for this quarter.

D. C. McGREW, Secretary

CONSOL

The Board of Directors of **CONSOLIDATION COAL COMPANY** at a meeting held today, declared a quarterly dividend of 35 cents per share on the Common Stock of the Company, payable on December 14, 1960, to shareholders of record at the close of business on December 2, 1960. Checks will be mailed.

JOHN CORCORAN,
Vice-President & Secretary

November 21, 1960.

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a regular quarterly dividend of fifty cents (50c) per share and a year-end dividend of thirty cents (30c) per share on the capital stock ($3 par value) of the Corporation, payable December 15, 1960, to stockholders of record November 25, 1960.

L. G. REGNER, Secretary-Treasurer

Milwaukee, Wis.
November 15, 1960

TEXAS GULF SULPHUR COMPANY

157th Consecutive Quarterly Dividend

The Board of Directors has declared a dividend of 25 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable December 15, 1960, to stockholders of record at the close of business November 28, 1960.

E. F. VANDERSTUCKEN, JR.,
Secretary.

ELECTRIC BOND AND SHARE COMPANY

New York, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty cents (30¢) a share on the Common Stock, payable December 30, 1960, to shareowners of record at the close of business on December 9, 1960.

B. M. BETSCH,
Secretary and Treasurer

November 17, 1960.

CSC

COMMERCIAL SOLVENTS *Corporation*

DIVIDEND NOTICE

The Board of Directors has today declared the following dividends on the common stock of this Corporation:

Quarterly cash dividend of fifteen cents per share

Stock dividend of two percent

Both dividends are payable on December 30, 1960 to stockholders of record at the close of business on December 2, 1960.

A. R. BERGEN,
November 21, 1960 Secretary

KENNECOTT COPPER CORPORATION

161 East 42nd Street, New York, N.Y.

November 18, 1960

At the meeting of the Board of Directors of Kennecott Copper Corporation held today, a cash distribution of $1.25 per share was declared, payable on December 20, 1960, to stockholders of record at the close of business on November 30, 1960.

PAUL B. JESSUP, *Secretary*

E. I. DU PONT DE NEMOURS & COMPANY

DU PONT

Wilmington, Del., November 21, 1960

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock—$4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable January 25, 1961, to stockholders of record at the close of business on January 10, 1961; also $2.25 a share on the Common Stock as the year-end dividend for 1960, payable December 14, 1960, to stockholders of record at the close of business on November 29, 1960.

P. S. DU PONT, *Secretary*

SERVING HOME AND INDUSTRY WITH ESSENTIAL BASIC PRODUCTS

EASTERN GAS AND FUEL ASSOCIATES

DIVIDENDS

COMMON STOCK — A regular quarterly dividend of 40 cents a share, payable December 28, 1960 to shareholders of record December 8, 1960.

4½% CUMULATIVE PREFERRED STOCK — A regular quarterly dividend of $1.12½ a share, payable January 1, 1961 to shareholders of record December 8, 1960.

R. P. TIBOLT, *President*
250 Stuart St., Boston 16, Mass.
November 17, 1960

Our stock is listed on the New York Stock Exchange. Symbol is EFU.

Interlake Iron

DIVIDEND No. 66

Interlake Iron Corporation, Cleveland, has declared a dividend of 40 cents per share on its common stock, payable Dec. 15, 1960, to stockholders of record at the close of business Dec. 1, 1960.

J. P. Fagan
Vice President & Treas.

Maker of Iron and Ferroalloys

LEHIGH VALLEY INDUSTRIES, INC.

November 16, 1960

The Board of Directors of Lehigh Valley Industries, Inc. today declared a dividend of 75c a share on the $1.50 Cumulative Convertible Preferred Stock, Series A, for the half year ending December 31, 1960, out of net income for 1960, payable January 2, 1961, to stockholders of record at close of business December 14, 1960.

The holders of record on December 14, 1960 of the Corporation's First Preferred, Second Preferred, $50 par Preferred Stock or Capital Stock of Lehval Industries, Inc., who shall not have surrendered their shares for exchange pursuant to Agreement and Plan of Merger dated March 21, 1960, will be entitled to said dividend upon their exchanging said shares and becoming holders of record of $1.50 Cumulative Convertible Preferred Stock, Series A.

This declaration represents the initial dividend on the Company's new preferred stock issued pursuant to the aforementioned Agreement and Plan of Merger.

EUGENE SCHOENER
Executive Vice-President

NATIONAL STEEL *Corporation*

NATIONAL STEEL

124th Consecutive Dividend

The Board of Directors at a meeting on November 15, 1960, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable December 12, 1960, to stockholders of record November 25, 1960.

PAUL E. SHROADS
Senior Vice President

CITY INVESTING COMPANY

25 Broad Street, New York 4, N. Y.

The Board of Directors of this company on November 16, 1960, declared the regular quarterly dividend of $1.375 per share on the outstanding 5½% Series Cumulative Preferred Stock of the company payable January 1, 1961, to stockholders of record at the close of business on December 15, 1960.

HAZEL T. BOWERS,
Secretary

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 48 cents per share on the Common Stock of the Company, payable January 3, 1961 to stockholders of record at the close of business December 1, 1960.

D. W. JACK
Secretary

November 18, 1960

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of the Corporation, payable January 2, 1961, to stockholders of record at the close of business on December 9, 1960.

B. M. BYRD
November 22, 1960 *Secretary*

UNITED GAS
SERVING THE
Gulf South

Cities Service COMPANY

CITIES SERVICE

Dividend Notice

The Board of Directors of Cities Service Company declared a quarterly dividend of sixty cents ($.60) per share on its Common Stock, payable December 16, 1960, to stockholders of record at the close of business November 28, 1960.

November 17, 1960. FRANKLIN K. FOSTER, *Secretary*

ADAMS EXPRESS COMPANY

A CLOSED-END DIVERSIFIED INVESTMENT COMPANY LISTED ON THE NEW YORK STOCK EXCHANGE

The Board of Managers has declared the following year-end dividends:

1. $0.34 per share in cash, being the remaining undistributed net ordinary income realized during 1960, making the total distributions for the year from this source, $0.79, and
2. $1.20 per share (payable in stock or cash at the option of each shareholder) from net capital gains realized during 1960.

Both dividends are payable December 23, 1960 to stockholders of record November 30, 1960.

William B. Viall, Secretary

Financial Report Available on Request 11

48 WALL STREET, NEW YORK 5, N. Y. • Room 90—

FLORIDA... MAGIC VACATIONLAND EVERY MONTH OF THE YEAR

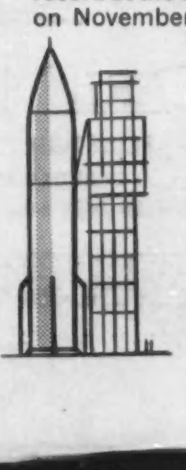
FLORIDA POWER & LIGHT COMPANY

P.O. Box 1-3100
MIAMI, FLORIDA

DIVIDEND NOTICE

A quarterly dividend of 25c per share has been declared on the Common Stock of the Company, payable December 16th, 1960 to stockholders of record at the close of business on November 25th, 1960.

ROBERT H. FITE
President



FLORIDA... UNEXCELLED CLIMATE FOR BUSINESS AND INDUSTRY!

TC
TENNESSEE CORPORATION

TENNESSEE CORPORATION

November 17, 1960

CASH DIVIDEND

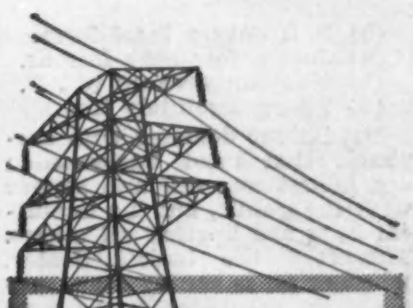
A quarterly dividend of thirty-five (35c) cents per share was declared payable December 16, 1960, to stockholders of record at the close of business December 1, 1960.

STOCK DIVIDEND

In addition, a 2% stock dividend was declared payable December 28, 1960, to stockholders of record at the close of business December 1, 1960.

The above cash dividend will not be paid on the shares issued pursuant to the stock dividend.

JOHN G. GREENBURGH,
61 Broadway *Treasurer*
New York 6, N. Y.



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 206
65 cents per share;

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 55
27 cents per share.

The above dividends are payable December 31, 1960, to stockholders of record December 5. *Checks will be mailed from the Company's office in Los Angeles, December 30.*

P. C. HALE, *Treasurer*

November 17, 1960

Edison

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — Opponents of unethical business practices everywhere will welcome the current campaign by the Federal Trade Commission to curb all types of misleading advertising.

In an apparent effort to make the Nation's Capital an example of good advertising practices, the Federal Trade Commission is investigating misleading advertising in Washington.

The inquiry is being conducted under the personal direction of Earl W. Kitner, who became Chairman of the agency in June, 1959, after being a member of its legal staff for 11 years.

Judging by the complaints that flow into FTC, nearly every large city has some chronic, unethical methods of advertising. Of course, some cities are worse than others.

Why is the increase in complaints reaching the Commission? For one thing, more and more money is being spent for advertising. Still another reason, perhaps, is the fact that the public is now aware of the existence of the Commission and its aim to curb and, in some instances, stamp out misleading advertising.

Warnings to Buyers

Commissioner Kitner, speaking to the Advertising Club and Better Business Bureau in Washington not too long ago, described what he called six sucker signals.

Whenever a buyer sees one of these signals in advertising, "let him be on his guard," said the Commissioner. He described them in this order:

(1) Buy now or lose the chance.
(2) You have been specially selected.
(3) It is only a legal form.
(4) Just a few easy lessons.
(5) You can save up to . . .
(6) Yours absolutely free.

Mr. Kitner declares with emphasis that most businessmen are honest and fair and square with the public, but the unethical ones are hurting all others. Therefore the honest dealer, whether he is selling soap, sardines or securities needs protection from the dishonest ones.

Agency officials declare that there are many types of complaints received. There are many complaints that are awaiting investigation.

It has been estimated that about 10% of the complaints involve household appliances, followed by food, shoes and clothing; hearing aids, reducing aids; contact lenses and other medical devices; household cleaners and polishes; record and book clubs and encyclopedias; furniture; photographic equipment and supplies; jewelry and watches; correspondence courses; insurance; cosmetic and toilet preparations; automobiles, drug and hair treatment.

Mr. Kitner is a graduate of DePauw University, Greencastle, Ind., about 40 miles from Indianapolis. Incidentally, this University has turned out some of the leading citizens of the country.

"Margin for Error"

He maintains that if all advertisers lived up to the codes of the Advertising Federation of America, and the National Association of Broadcasters, there would be no need for the FTC to intervene.

The FTC allows some margin for error to advertisers who are willing to acknowledge the error and correct it, said Mr. Kitner.

"We are certainly less likely to begin cease and desist proceedings when there is good reason to believe they are unnecessary," he said. "The Commission's basic objective, after all, is to obtain compliance with the law."

The agency, in acting on complaints, makes an effort to choose the leaders of an unethical advertising industry rather than the followers. The Chairman maintains that no offenders are singled out. However, the Commission must act selectively in its enforcement proceedings, said the FTC chairman.

Advertising is today a $12 billion industry. It is part of the everyday life of nearly all the people. It has been through advertising that the economy of the nation has grown and prospered. The Commission does not want to see a small percentage of unethical people do everlasting harm to advertising.

Commission's Objectives

The Federal Trade Commission is composed of five commissioners appointed by the President and confirmed by the Senate. The Commissioners are appointed to seven-year terms. Of course, most of the functions are performed by a career staff of some 775 workers. It was organized as an independent agency in 1915 pursuant to the Federal Trade Commission Act of 1914.

The paramount objective of the Commission is the maintenance of the free enterprise system as the keystone of the American economic system. While the duties of the agency are many and varied under the statutes, the foundation of public policy underlying all these duties is essentially the same: "To prevent the free enterprise system from being stifled or fettered by monopoly or corrupted by unfair or deceptive trade practices. . . . In brief, the Commission is charged with keeping competition both free and fair."

Under the law not more than three of the Commissioners may be members of the same political party. The administrative management of the Commission is vested in the Chairman. The investigational work is conducted through a bureau of investigation under the 10 field offices, located from Boston to New Orleans and from New York to San Francisco.

Misleading advertising is merely one function of the agency. It seeks to prevent price fixing agreements, boycotts, combinations in restraints of trade; enforce truthful labeling of textile and fur products; prevent the interstate marketing of dangerous flammable wearing apparel; supervise the registration and operation of associations of American exporters engaged solely in export trade.

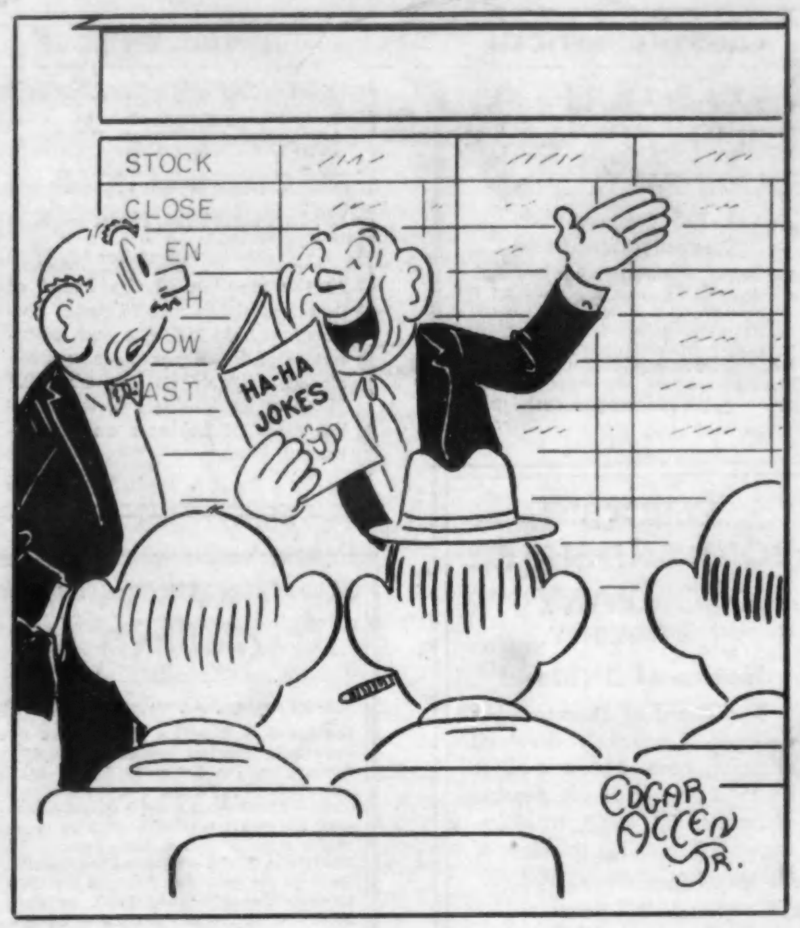
Economic Role

This agency also gathers and makes available to Congress, the President and the public, factual information concerning economic and business conditions. It makes economical and statistical studies of conditions and problems affecting the competitive economy. Reports of this nature may be in support of legislative proposals or for the information or guidance of the executive branch of the government as well as the public.

In the FTC's bureau of economic, investigations are made to ascertain the competitive practices, the nature and significance of monopolistic arrangements, and the degree of concentration in a given industry, as well as reporting on general economic conditions within the commission's jurisdiction.

The division of financial statistics collects, summarizes, and analyzes the financial operating statements of American manufacturing corporations. As a result of this research, it prepares quarterly reports on the financial position and operating results of the nation's manufacturing industries.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"It's not necessary to warm up the audience before the market opens, Figbar."

Johnson, Lane, Space Elects

SAVANNAH, Ga. — Thomas W. Stewart has been elected an Assistant Vice-President of Johnson, Lane, Space and Co., Inc., Bay & Drayton Streets.

Form Picard & Co.

Pickard and Company has been formed with offices at 60 Wall Street, New York City, to engage in a securities business. Partners are John Pickard and Peter S. Pickard.

Herman J. Ernst Opens

PHILADELPHIA, Pa. — Herman J. Ernst has opened offices at H and Bristol Streets, to engage in a securities business.

COMING EVENTS

IN INVESTMENT FIELD

Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

Dec. 6, 1960 (New York City)
Investment Association of New York annual dinner at the Waldorf-Astoria Hotel.

Dec. 8, 1960 (Kansas City, Mo.)
Kansas City Security Traders Association annual winter dinner at the Phillips Hotel.

April 12-13-14, 1961 (Houston, Tex.) Texas Group Investment Bankers Association annual meeting at the Shamrock Hilton Hotel.

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

Oct. 16-20, 1961 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

H. W. Dance Opens

LOGAN, Utah—Harold W. Dance is conducting a securities business from offices at 15 East First North Street.

W. C. Reeder Opens

LOS ANGELES, Calif. — William C. Reeder is conducting a securities business from offices at 9416 Santa Monica Boulevard.

Businessman's BOOKSHELF

Arithmetic of Computers — Norman A. Crowder—Doubleday & Co., Inc. Garden City, N. Y. (cloth), $3.95.

Association of American Railroads—1960 Research Center Report—Association of American Railroads, 63 Vesey Street, New York, N. Y. (paper).

Atoms for Industry World Survey—Atoms for Industry World Survey, 225 Lafayette Street, New York 13, N. Y., $3.00.

Bell Telephone Magazine—Autumn 1960 containing articles on Electronic Switching, Bell System Financing; Cable system, etc.—American Telephone & Telegraph Co., 195 Broadway, New York 7, N. Y. (paper).

Berlin: City Between Two Worlds—Department of State Publication 7089 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 20¢.

Changes in Trade Restrictions Between Canada and the United States—Canadian-American Committee, National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), $2.00.

Federal Home Loan Bank Board—Organization and Functions—Federal Home Loan Bank of New York, 165 Broadway, New York 6, N. Y. (paper).

Foreign Competition — A Challenge for America—National Association of Manufacturers, 2 East 48th Street, New York 17, N. Y. (paper).

Miami International Airport—Map locating airlines and aviation industries located on the 3,000 acre airfield — Airport Bank of Miami, Concourse 4, International Airport, Miami, Fla.

National Foreign Trade Convention—Final Declaration of 47th convention — National Foreign Trade Council, Inc., 111 Broadway, New York 6, N. Y. (paper).

Petroleum Industry in New York—Study of relationship of petroleum industry to the economy of New York State—New York State Petroleum Council, 630 Fifth Avenue, New York 20, N. Y.

Strategy of Daily Stock Market Timing for Maximum Profit—Joseph E. Granville — Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $12.50.

Tropical Africa—in 2 volumes, I: Land & Livelihood, II Society and Policy—Twentieth Century Fund, 41 East Seventieth Street, New York 21, N. Y. (cloth), $15.

U. S. Trade with Japan, First Half 1960 compared with First Half 1959—United States-Japan Trade Council, 1000 Connecticut Avenue, Washington 6, D. C. (paper).